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World News

FT No. 31,620

UN resolution bases may for Yugoslav peace force

The UN Security Council agreed a resolution paving the way for the establishment of an international peacekeeping operation in Yugoslavia. However, the Council said the deployment of a UN force could not take place until there was full compliance with a ceasefire accepted by Serbian and Croatian leaders in Geneva

Libya told to pay Britain and the US called on Libya to pay compensation for the 270 people who died in the bombing of a Pan Am airliner over Lockerbie in Scotland in 1988. Page 14

at the weekend. Page 14

Israei seeks delay Israel said the US should delay Middle East peace talks planned for next week in Washington and pressed for them to be quickly transferred to the region. Page 4

Kenya drops charges The Kenyan government dropped charges against four of its critics, including former vice-president Jaramogi Oginga Odinga, arrested two weeks ago for planning to hold a pro-democracy rally.

Cash for Alds victims The French government is to compensate thousands of peo-ple infected with Aids from blood transfusions between 1980 and 1985, when the country's transfusion service knowingly used contaminated blood.

EC farmland polluted Groundwater under 65 per cent of European Community farms is seriously polluted, according to a survey by Dutch scientists presented to EC environment

Nato to move HQ Norway said Nato would decide next month to move its northern headquarters to Britain from Oslo in a restructuring of the western alliance after the cold war.

More troops to Ulster Britain sent 600 more troops to Ulster to combat an upsurge in sectarian killings

Soviet ald approved The US House of Representatives approved \$400m to be used in dismantling Soviet nuclear weapons and \$100m in aid to head off possible food riots in the Soviet Union.

Republics meet Leaders of Azerbaijan and Armenia, which both claim sovereignty over Nagorno-Karabakh, met in an attempt to defuse the threat of war following the Azerbaijani parliament's decision to claim control of the territory. Page 3

Japanese MPs fight Fighting broke out among Japanese Diet members when a bill to allow Japanese servicemen to join United Nations peace-keeping operations was forced through a key committee. Page 14

Shopal hearing An Indian court in Bhopal. India, began hearing a criminal suit arising from the lethal gas leak which blanketed the city in 1984 in the world's worst industrial disaster. Page 5

Onassis yacht for sale The yacht Christina, which the late Greek shipping tycoon Aristotle Onassis left to the Greek government, will go on sale in January for at least

Getting the picture Turkey will return to Ireland a stolen 17th century painting found in Istanbul last year. Dutch master Gabriel Metsu's A Woman Reading a Letter was taken in 1986 from Lord Dunsaney's estate in Co Meath.

German energy group buys stake in US coal company

conglomerate, is to pay \$890m for a 50 per cent stake in Consolidation Coal (Consol) of the US. The deal brings together Germany's largest energy con-cern and the second-biggest hard-coal mining company in the US, and marks another high point in RWE's aggressive international expansion strategy. Page 15

Europe after warnings from Eduard Shevardnadze, Soviet foreign minister, that there could be another Kremlin coup. In London, the dollar closed at DM1.6145 compared with DM1.5805 on Tuesday, and at Y130.05 against Y128.25. Currencies, Page 38; Republican foes hold talks, Page 3

MAXWELL Communication Corporation said "it would be appropriate in current circumstances" to delay its
interim results, which had
been due this morning. MCC,
one of the publishing companies built by the late Robert Maxwell, has more than £1bn debt against £850m in his private companies. Page 15 BANK OF ENGLAND will

allow Soviet-owned Moscow Narodny Bank to continue trading after a commitment from the Russian government to provide financial support if required. Page 3

IBM's share price fell sharply on Wall Street, losing more than \$3 to trade at \$94%, down from a Tuesday close of \$97%. Key to success in managers' hands, Page 15

OPEC is to allow its 11 fully producing members to continue lifting oil at near capac-ity for the first quarter of next year and to defer any decision on output levels for the second quarter to a meeting in February. Page 30

mended that the country be brought into line with other financial centres by allowing overseas banks easier access than subsidiaries. Page 4

EUROTUNNEL. Channel tunnel operator, claimed a High Court victory in its battle to prevent contractors from caron part of the £8bn (\$14bn) project. Page 10

railway equipment group, is ity control of Boeing's loss-Toronto commuter aircraft manufacturer put up for sale early this year. Page 16

PHILIP MORRIS, US food, drink and tobacco group, is to take a \$1bn non-cash charge for an accounting change and a \$275m fourth-quarter charge for restructuring its worldwide food operations. Page 15

JAPANESE exports of four-wheeled vehicles to Page 8

PINAULT, French timber to furniture retailing company, said it would not enlarge its FFr5.28bn (\$970m) bid for twothirds of Au Printemps to include all the Parisian company's shares. Page 17

ARJO WIGGINS Appleton, Franco-British paper group, may be forced to raise its £23m (\$41m) bid for the Spanish paper trader, Corporacion Commercial Kanguros, after running into resistance from the Kanguros board and its advisers. Page 17

agency, the Independent Development Trust, will postpone until next year its proposed \$100m Eurobond issue after, the withdrawal of support from the African-National Congress. Page 18

Business Summary

RWE, the Essen-based

DOLLAR pushed ahead in

AUSTRALIAN inquiry into the banking system has recomto the market and permission to operate as branches rather

rying out a threat to halt work

BOMBARDIER, aerospace and expected to emerge with majormaking De Havilland Canada,

Europe and the US fell steeply in October, with sales to Germany falling by 41.6 per cent.

SOUTH Africa's development

Mixed reaction from US banks to reform bill

By Alan Friedman in New York

THE US banking community yesterday greeted the approval by Congress of bank reform legislation with a mixture of

relief and disappointment.

The majority of bankers were pleased that the legislation — agreed after nine months of difficult negotiation - recapitalises the depleted deposit insurance fund and allows the fund to extend its borrowing to \$70bn(£39.5bn). There was also relief that the bill did not contain new fire-

walls that would stop some banks from underwriting secu-rities and that the Congress eliminated a proposed ceiling on the interest rates banks may charge on credit cards.

A number of bankers were also pleased that the legisla-tion did not allow the further expansion of "non-bank" banks, such as financial ser-

mercial companies. There was widespread disappointment, however, that the

vice businesses owned by com-

legislation failed to establish the right of banks to engage in interstate branching or stock-broking and limited the ability of banks to sell insurance. Mr Alan Tubbs, president of the American Bankers Association, said the bill "stops well short of the kind of positive,

competitive legislation needed to strengthen the banking industry". But stressed that "a reasonable, narrow bill is far better than an unreasonable, broad bill filled with new

restrictions on bank activi-

In New York, Chase Manhattan said it was not especially pleased by the legislation, but noted "the original bill has been so emasculated that you have to measure our success in terms of what might have hap-pened and did not".

Chase described the Congressional approach to banking reform as "negative and regressive" and said the main thrust of the lobbying undertaken by

the banks "could be called damage control." In San Francisco, Bank-America said it welcomed the recapitalisation of the deposit insurance fund. This was ech-oed in New York by Chemical

Bank. The legislation provides that the insurance fund's credit line from the Treasury will be increased from \$5bn to \$30bn and allows the fund to borrow working capital of up to 90 per cent of the value of its

assets, which could lead to bor-

In an interview last week Mr Dick Rosenberg, chairman of BankAmerica, attacked proposals to place a cap on credit card interest rates, an idea that was added to the legislation in the wake of a suggestion by President George Bush. Mr Rosenberg and other

rowings of up to \$70bn.

bankers have also argued for the right to expand across state boundaries.

Compromise bill, Page 9

Kohl holds out hope of Maastricht compromise

By Quentin Peel in Bonn and Robert Graham in Rome

CHANCELLOR Helmut Kohl of Germany yesterday raised hopes of a compromise in the European Community negotia-tions on political union just hours before the arrival in Bonn of Mr John Major, the UK prime minister.

Speaking to the Bundestag, Mr Kohl suggested that decisions on the most contentious issues could be delayed for several years provided the process towards integration was set in train at next month's Maastricht summit.

His speech sought both to prepare his parliament for a more modest treaty on political union than it would like, and to offer an olive branch to Mr Meanwhile, Britain and Italy

pledged to try to narrow the differences between the British government and the rest of the Community to achieve a positive outcome at Maastricht. But Mr Major, after meeting Mr Giulio Andreotti, his Italian opposite number in Rome, warned that serious bargaining

was only now about to begin

solved "until a very late Mr Major travels to The Hague on Sunday for further talks with Mr Ruud Lubbers. the Dutch prime minister. Mr Kohl urged the Bundestag to understand the British

reserve over the concept of a "federal" Europe, and the

He said that anyone who had followed the recent British parliamentary debate on the EC negotiations would have heard how the arguments went back to 1914. "I do not say that dis-paragingly. For it is an open question how the Germans would debate [the issues] if they had been declared the vic-tors in two world wars. It is only fair to admit that our partner has a longer road -

also a psychological road - to

transfer of sovereignty to the

He added that no one should bother to come to the EC summit at Maastricht who refused

mit at Maastricht who refused to compromise. A compromise at the summit would be far better than no deal at all.

Chancellor Kohl said his compromise would be to seek to build into the treaty on political union "an opening" through which policies, agreed at Maastricht to remain on an inter-governmental level, could later come under control of EC later come under control of EC institutions. He cited as examples the fight against drugs, if it was impossible to agree that they should be subject to EC regulations from the start, he would attempt "to incorporate an opening clause in the treaty, according to which Continued on Page 14

The federal path, Page 2 Editorial comment, Page 12



Khmer Rouge chief driven out

By Victor Mallet in Bangkok ONE OF the Khmer Rouge leaders responsible for Cam-

bodia's reign of terror, in which more than 1m people died, was driven out of the country yesterday after being attacked by an angry mob throwing into doubt the country's peace agreement.

Mr Khieu Samphan, 60, the nominal head of the Khmer Rouge and right-hand man to Pol Pot, the organisation's shadowy leader, was assaulted by men, women and children who stormed a government guest house on his return to

the Cambodian capital Phnom Shouting "murderer" and "kill, kill, kill" they beat him

and tried to hang him from the Bleeding from a head wound he was eventually rescued by Cambodian security forces and taken away in an armoured car. He was later reported to have left the country for Thailand with other Khmer Rouge officials, raising doubts about the future of the peace accord

which brought them home.

His arrival had been greeted

by screams of abuse from students demonstrating at the roadside as the former Kampuchean head of state was driven into the capital from the airport, and protesters recalling hands of the Khmer Rouge later gathered outside the house where he was staying.

Dozens of them pushed aside police guards, trapped Mr Khieu Samphan in an upstairs bedroom and beat him to the floor with sticks and fists. Mr Khieu Samphan, who

studied economics in Paris in

Rouge during its reign of terror between 1975 and the Vietnamese invasion in 1978. An estimated im Cambo dians were killed or died of hunger when the Khmer Rouge took power, emptied the cities

the 1950s, is held responsible

for some of the extremist anti-

urban policies of the Khmer

of people and murdered intellectuals and other suspected opponents. Continued on Page 14

Free-market extremism, Page 5 Editorial comment, Page 12

Agnelli family company may bid for Perrier group

By William Dawkins in Paris

CONTROL of Source Perrier. the mineral water group, was set to change hands yesterday amid widespread speculation on European bourses that the bid might come from Ifi International (ifint), a holding company controlled by Italy's Agnelli family. The Italian group started

buying shares in Exor, the French holding company which controls the company, in January and controls an estimated 21 per cent of the voting rights. Exor shares were suspended on the Paris bourse. Exor, which also owns the claret Châtean Margaux, Parisian property, and 2.4 per cent of the Suez financial and industrial holding group, said its board would meet and make an announcement before the end of the week

The Agnellis have an extensive French industrial portfoho, including 5 per cent of the BSN food group, held by Ifil, another Agnelia holding company. None of the companies involved would comment.

BSN, whose Badoit sparkling mineral water leads Perrier on the French market, is also sporadically rumoured to be interested in taking control of its competitor, although the company denied involvement. . Perrier's share price rose by

3.2 per cent to FFrl.274 (\$235.05) on the news, valuing Mr Vincent has introduced the group at FFr11.4bn. Exor is valued at FFr4.6bn at the FFr1,070 suspension price. If Ifint or other Agnelli interests did bid, this would be the

third time that control of Perrier has fallen into non-French hands. However, stockbrokers thought it unlikely that a direct bid for Perrier itself would emerge. Founded by a Dr Perrier at the end of the last century, the group was until 1936 owned by Lord Harmsworth.

.Then in 1948 Mr Gustave Leven, a French stockbroker, bought the group and was chairman until last year, by when the group had fallen under Exor's control Exor is controlled by the Franco-Greek Lex, Page 14

Mentzelopoulos family. Today, Exor owns 35 per cent of Perrier and supplies its chairman, Mr Jacques Vincent, who took over from Mr Leven after the Perrier brand was forced to destroy its world stocks following the discovery of traces of benzene.

new management and sold and trimmed loss makers. Perrier's net profits fell by 54 per cent to FFr389m in the first half. The Mentzelopoulos family sold a 13.5 per cent stake in Exor to limt in January, reducing its stake to an estimated 16

per cent to 17 per cent. Ifint bought options for another 7.86 per cent from a Swiss holding company in April. If the Agnelli vehicle bought the remaining Mentzelopoulos shares, that would lift its stake above the 33 per cent at which it is obliged, under French

takeover regulations, to launch

a bid for two-thirds of Exor's

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Survey: The bright city of Bristol faces a cloudy oullook..

sprawling business empire



Mr John Akers, the ... chairman of IBM, has unveiled plans to banish bureaucracy. improve efficiency and increase autonomy among the many business sectors of the world's largest computer company Page 15

Intl. Capital Markets Unit Trusts World Trade

STERLING New York lunchtime: \$1,7635 London: \$1,767 (1,797) DM2.8575 (2.84) FFr9.755 (9.705) SFr2.5225 (2.52) Y230,25 (230,25) £ Index 90.4 (90.5) COLD

\$387.9 (366.9) London \$368.45 (366.8) N SEA CIL (Argus) Brent 15-day Jan \$19.85 (19.90)

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MARKETS

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FFr5.5285 FT-A All-Share: SFr1.428 1,183.03 (-0.8%) FT-SE Eurotrack 100: 1,069.79 (-1.69) New York lunchtime: DJ Ind. Av. 2.906.31 (-9.83)

New York tunchtime:

22,973.28 (-138.81) LONDON MONEY 3-month interbank: 10投% (10清%)

STOCK INDICES

FT-SE 100:

2,447.5 (-24.0)

Dec 935g (9312)

Samuel Britten .

Chief price changes yesterday: Page 15

4.492% Long Bond: yleld: 7.981%

DOLLAR

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Commission rejects UK plea for cut in air fares

THE European Commission yesterday rejected a British government complaint of "unjustified" price increases by several European airlines on some routes between the UK and continental Europe. The UK Civil Aviation Authority had sought a cut in these fares but the Commission yesterday rejected this.

Instead, it asked member governments to ensure that future increases are kept more closely in line with airline costs. It has urged them to use older fares as a reference point when considering applications for price increases rather than the higher fares introduced during the Gulf war.

Under the second stage of the EC's airline liberalisation programme

surplus for

deficit and took most econo-

mists by surprise. Even after

accounting for possible statisti-

cal errors, Banque Indosuez

and others are reducing the

forecast for the full year's defi-

cit to less than FFr40bn, com-

pared with last year's FFr50bn.

the deficit for the first 10

months to FFr26.8bn, against

FFr39.4bn for the same period

last year. The delivery of a sat-

ellite and a cruise liner accounted for FFr4bn of the

improvement, producing a

Ffrabn surplus in industrial

trade, compared with a

Trade with Germany,

France's biggest commercial

partner, was roughly in bal-ance; the surplus with Britain

climbed sharply from FFr512m

to FFr1.9bn. The surplus with

the European Community as a

whole advanced from FFr115m

to FFr4.3bn, deficits with the

US and Japan were reduced.

VAT from January

The Danish government yester-

day announced an increase in

value added tax from 22 to 25

per cent with effect from Janu-

However, the government

has acted because the Euro-

pean Court may rule that Den-

mark's payroll tax is discriminatory and therefore illegal.

programme to restrict domes-

tic demand, but it applied only

to domestic market companies

and importers, while exporters

Hungary's inflation

Bandlingary's inflation rate is us real dast to naive next year sound to 2, the terms of a draft from accentral concluded this week July and Augustnational Moneunemployment an icholas Denton

ner deeper reces price inflation is nee the hall from about 30 per cent by December 1992, Mr Gyergy Suranyi, national bank president,

Negotiators agreed on a bud-

set detical target for 1992 of

Ft70bn (25/13m), compared with

an expected outturn for 1991 of

Filoshn. This would represent

a fail in the public sector defi-

cit from 3.5 per cent to under 2

cary to finance its \$20.5bn

cross foreign debt, by drawing

\$435m of IMF credits in 1992 in

addition to the \$970m dis-

bursed in this, the first year of

the three-year agreement.

The draft also allows Hun-

forecast to halve

uready ine EC's nignesi.

Copenhagen.

were exempted.

salaries mark the udapest.

said vesterday.

per cent of GDP.

Denmark to raise

FFr3.5bn delicit in September.

The October surplus reduces

13 years

By Daniel Green

approved a year ago, airlines are allowed an automatic 5 per cent rise in fares unless governments at both ends of a given route oppose the change - the so-called double-disapproval system.

But during the Gulf crisis, when fuel prices were volatile and demand for air travel low, airlines were able to push through much bigger price increases. The fare on the London-Copenhagen route, for example, rose from £176 in October 1990 to £185 in December and then to £206 in Janu-

ary this year. The Commission agreed yesterday

with the CAA that some of the fare rises had infringed EC rules calling for fares to be related to airline costs. Although the CAA had sub-mitted 90 cases of high fares, the EC only objected to 40 fares. These involve fares charged by British Airways, Alitalia, Scandinavian Airlines System, Air France, and Olym-

pic Airways of Greece. However, the Commission said that "member states must take the steps necessary to ensure that these fares which have, in fact, not been in force since the end of the 1990/1 winter season, are not used as a basis for determining new fares." This leaves enforcement up to national

Those member states which dis-

agree with the Commission now have one month to take the matter to the Council of Ministers. The Council will have another month to come to a decision.

The Brussels-based Association of European Airlines, which represents 22 European carriers, said "the ball is now back with the governments". It said it was less concerned about the outcome of the ruling than the greedy image the whole process had given to airlines.

BA also played down the significance of the ruling, suggesting that it would be difficult to punish the airlines because fares had already changed so much since last winter. The CAA last night said it was waiting to examine the document.

Opponents of the structure of air fares in Europe expressed disappointment. Lord Bethell, a UK political campaigner, said he had hoped the Commission would relate current prices to the last price that was approved before the Gulf war. He claimed the EC's liberalisation programme seemed to be failing, with the exception of the London-Amsterdam and London-Dublin routes

down prices. However, Mr John Part of the Air Transport Users Committee took a more sanguine view: "We are not looking to liberalisation solely to put pressure on prices but to improve the number of routes available." Both airlines and consumer

where heavy competition had held

groups have continued to argue for different reasons that market forces should be allowed to set airline tariffs: the carriers so that prices can be raised to pay for Europe's expensive security and air traffic control charges and the users so that competition can drive prices lower.

In the absence of complete liberal isation, however, the question of the enforcibility of Commission rulings will continued to preoccupy the airline industry. The issue will become even more pressing in 1993, when the third and final phase of the liberalisation programme comes into force and airlines will be able to set whatever fare they want unless governments at both ends of a route

France sets aside billions for AIDS victims

By Ian Davidson in Paris

THE FRENCH governme yesterday moved to stifle serious scandal of public me cal negligence, by setting up multi-billion-franc fund to co pensate AIDS victims infect through transfusions of blo known to be contaminated. The fund may eventua total between FFr10bn a FFr14bn, according to preli

It is expected to be finance mainly through a new t imposed on French dama insurance policies, though may be supplemented throw a special charge on incomes The scandal dates back 1985, when the Fren National Blood Transfusi Centre (CNTS) continued several months to rele blood for transfusions ev though it may have known to be contaminated with AL hepatitis and other viruses. Some 7,000 people thought to have been conta nated with the infected bic including around 1,200 has

nary estimates.

philiacs.

The scandal has been m worse by the fact that French authorities at the t deliberately delayed introd ing a newly-developed Am can blood test for AI because a rival French being developed had not b perfected. Three doctors, including

then director of the Ch have been charged in co with responsibility for the taminations. They in turn have attem

to implicate government mi ters of the day, including Laurent Fabius, then pr minister, Mr Pierre Bérégo finance minister, and Ms G gina Dufoix, for social aff minister. The amount of comper

tion, which is likely to widely according to the cumstances of the victi could range from FFr1n FFr2m per person, accordin some estimates.

The French Insurance panies Federation has tested against the "profo inequity" of funding the pensation through a special on damage insurance polic it points out that such a would penalise those who taken out insurance policie adds that this was a "nati drama, for which they not, in any degree, directl indirectly, responsible".

Usinor gets its car The European Commis yesterday ruled as expethat the injection by C Lyonnais of FF12.5bn (£2 of capital into Usinor Sa was not a form of disgratate aid for the French

owned steel-maker, w

Andrew Hill in Brussels.

Registered office: Number One, : wark Bridge, London SEI 9HL

Financial Times (Scandinavia) V skaftet 42A, DK-1161 Copenha Denmark. Telephone (33) 13 44 4 (33) 935335.

Dutch fearful of largest trade Germany going its own way

By David Marsh, Europe Editor

FRANCE had a FFr6.6bn (2670m) seasonally adjusted trade surplus last month. The figure is the highest for 13 years and is the latest evidence A STRONG warning that the Maastricht summit may repreof an economic recovery. sent virtually Europe's last writes William Dawkins in chance to bind united Germany fully to western Europe was delivered yesterday by Mr The result, published by the customs directorate, is a sharp Andre Szasz, deputy president reversal of September's FFr3bn

of the Dutch central bank. Speaking in Amsterdam, Mr Szasz said that, unless German participation in European monetary union (Emu) was assured, there was a risk that "Germany, in the next two decades, will become a different country."

"The western European

country we are so familiar with will be replaced by a central European power, with interests of its own which may differ significantly from ours." Mr Szasz voiced scepticism about several important aspects of the draft treaty on Emu drawn up by the Dutch government. But, pointing to the importance of ensuring Germany's "further integration into western Europe", he said most other western European countries realised that "if we do not grasp this opportunity there may not be another one." Mr Szasz's remarks on the political importance of Emu are striking since they come from the European central bank whose monetary policies have traditionally closely followed the Bundesbank's.

Mr Szasz was at pains to underline the need for strong anti-inflation guidelines for the mooted European central bank. He argued strongly for conary 1. writes Hilary Barnes in | straints against countries running excessive budget deficits Denmark's VAT rate is and urged efforts to prevent the planned tough economic some years," he said

The tax, which is being replaced by the VAT rise, was introduced in 1987 as part of a move on fair wages

Industrial Editor, in London

THE European Commission

yesterday postponed plans to

produce a non-binding "opin-

ion" on wage levels until after

the Maastricht summit next

month, on the grounds that it

might upset some member

In spite of the uncontrover-

sial form of the proposal, Ms

Vasso Papandreou, the EC

social affairs commissioner,

will now have to submit the

document to fellow commis-

sioners at their first meeting

after the summit of EC leaders.

ble wages calls for "a wage suf-

ficient to enable workers to

have a decent standard of liv-

ing" and suggests the EC

should "seek ways of achieving

a more equitable distribution

The Commission was wor-

ried the opinion might arouse

fears in the UK that Brussels

would attempt to legislate on

wages. Although the document

explicitly rules out binding

measures, Ms Papandreou has

suggested an EC-wide mini-

mum wage could be estab-

lished after further economic

of income".

The draft opinion on equita-

states, particularly Britain.

Brussels postpones

By Andrew Hill in Brussels and Charles Leadbeater,

criteria for Emu from being "watered down in the last five minutes in Maastricht". He also said the planned

European Monetary Institute - to be formed in 1994 as an embryonic European central bank - should simply have "co-ordinating and preparatory tasks" rather than proper central bank functions. Mr Szasz's comments coincided with a separate warning to the German government about the risks of inflationary "concessions" on Emu from Mr Heinrich Weiss, president of the Federation of German

Industries (BDI). Speaking on a visit to London, Mr Weiss said there was a risk that Chancellor Helmut Kohl might be tempted to tone down his conditions on Emu in a deal with France at the summit. "We don't know everything which was promised by German politicians to get (German) unification," he said.

Mr Kohl, as part of the diplomatic understandings with other countries reached during the unification process last year, might have indicated his readiness to France to give up the D-Mark "at too low a price". This would sacrifice some of the "stability-first" principles which have been hallmarks of the German Emu negotiating stance so far.

"That frightens us," he said. Mr Weiss painted a sober picture of the challenges facing the German economy as it copes with post-unity turbulence. "By financing all this, the west German standard of living will not increase for

another controversial proposal

The Confederation of British

tor general, said British Rail

had estimated that an earlier

version of the draft directive would have added £500m to its

costs, 25 per cent of its labour

costs. He said the directive's 48

hour limit on the working

week would particularly hit the coal, farming, food manu-

facturing and leisure indus-

tries, while its proposed ban on

Sunday working would hamper

or employees.

the retail sector.



Chancellor Kohl (right) and Foreign Minister Genscher strike reflective pose in the Bundestag yesterday

Evolutionary or revisionary clauses — it's all a matter of language

Bonn wields two-edged sword

By Quentin Peel in Bonn

GERMANY'S proposal for a staggered development of European political union, with different stages coming into effect in later years, is a twoedged sword in the current

On the one hand, it might be seen as an attempt to lock Mr John Major and the British government into a future straitjacket, by committing him to inevitable further integration in a rigid timetable. On the other, it could

equally provide a way of not committing the British or anyone else irrevocably to further steps, and thus allow a lowerlevel compromise at Maas-

The question concerns how the commitment to future action or debate is phrased. In the language of the negotiations, it concerns whether the treaty includes "evolutionary" clauses, or merely "revision-

ideally Germany wants evolutionary clauses, which would bind the member states to transferring competences to the Community - such as drug-fighting, or control of asyhum – at specific future dates. Implementation would require no more than a decision of the Council of Ministers to confirm

Britain would find that level drug-fighting and asylum cited of commitment impossible to yesterday by Chancellor Hel-runs out.

stomach. What might acceptable would be merely "revisionary" clauses, promising to debate the questions in the future, but without any commitment to a decision made already at Maastricht. Somewhere in the middle,

compromise should be possible: a commitment to debate specific issues of EC competence at specific dates in the future, and a fairly precise definition of what that competence might be. That would obviously direct any future debate, but would still not set the decision in concrete.

Apart from the questions of

mut Kohl, additional powers for the European Parliament could be included in such "revisionary/evolutionary clauses". So could greater bolstering of a European defence

There is already a declaration attached to the present treaty text to reopen the asylum question before the end of 1994, and proposals to do the same on both the parliament and defence by the end of 1996. That just happens to be the

date at which the present treaty of the Western European Union, the vehicle for European defence co-operation.

Major, Kohl and the federal path David Buchan on the pressures propelling both men to the summit

sion yesterday lent its voice to those of Chancellor Helmut Kohl and his felconvergence between member low Christian Democrat leaders in the EC seeking a federal Differences also remain between member countries on future for the Community. In its final opinion on politiin the social area, which aims cal union before the Maastricht to regulate working hours summit. the EC executive across the Community. The called for the planned treaty to draft working time directive "spell out the fact that all will be formally discussed for activities" contained in the the first time at next Tuesday's treaty, such as co-operation on meeting of social affairs minisforeign policy and internal security, "are part of a process leading progressively towards

HE European Commis-

ottaining Union". industry yesterday launched a sweeping attack on the draft working time directive accus-In other words, a day should come when the Twelve will ing the Commission of not disconduct all their common business under standard Treaty of cussing it fully with employers Rome rules, with a role for the Mr John Banham, CBI direcsupranational institutions of

the European Commission, Parliament and Court. The UK government does not contest that, as a matter of history, this may happen, but resists signing anything at Maastricht this year which would pre-determine this outcome. For Mr John Major, the prime minister, the key at Maastricht is how to avoid anything which gives his turbulent backbenchers the

COUNTDOWN TO MAASTRICHT

impression that Britain has agreed to be pushed down a slippery slope to a (ederal

But many of his EC partners, especially Mr Kohl, want to grease this slope and set markers and dates along its course. As the chancellor made clear yesterday before the Bundestag, he feels he can only politically sell Maastricht's modest step towards political union if he can point to some treaty commitment that further strides will be taken during the

Britain accepts the clause in the current Maastricht draft calling for a review in 1996. To do otherwise would have been unrealistic: the UK learnt the

it takes only a simple majority of EC states to launch a constitutional revision. But London says the review clause must be neutral, not, as the present Dutch draft states, designed to "reinforce the federal character of the union". Such language does not go

hard way in 1985 and 1989 that

far enough for Germany, as hints from Bonn and a meeting between Mr Kohl and five other Christian Democrat leaders in Brussels this week indicate. Bonn, perhaps just as a bargaining chip, is weighing an "evolutionary" approach. This would commit the Twelve to decide by a set date to slot certain aspects of "inter-governmental" business into the Community.

Why is this prospect so important to Germany, but allergic to Britain? The more policies are "Europeanised" the greater the role for the parliament, and the higher degree of democratic accountability. This counts a lot for Mr Kohl. In the specific areas of foreign policy and immigration issues, he also wants Community cover in taking controversial decisions such as recognising Croatia or stemming the influx

The UK government, too, has a mix of reasons for wanting to keep inter-governmental business out of the Community machine. They include a desire to keep a free hand, in the last resort, but also a suspicion of the way EC machinery works. The Treaty of Rome gives the Commission a monopoly on tabling, and withdrawing, proposals. The legal base of such proposals can only be overturned by unanimity in the Council, or in the European Court. But the latter's track record is that it almost always

follows the Commission on

institutional matters, as does

of asylum-seekers.

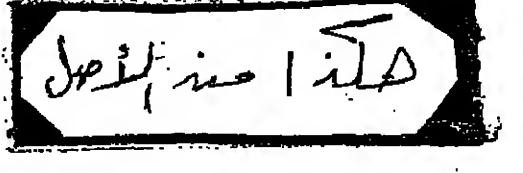
One of the Commission's main complaints about the Maastricht draft treaty yesterday was that it does not give the union "a legal personality in international law". Yet, on precisely the same day, it was announced that the European Community had been accepted as a member of the Food and Agriculture Organisation the first United Nations body of which the EC has been made a member in its own right.

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EUROPEAN NEWS

escapes closure threat

By Robert Peston and Anthony Robinson in London and Leyla Bouiton in Moscow

yesterday agreed to allow the Soviet-owned Moscow Narodny Bank to continue trading after a commitment from the Russian government to provide

financial support if required.

The move followed crisis talks between the Bank of England and the Russian authorities about the possible closure of MNB. There were fears that western banks might withdraw deposits from MNB because of the deteriorating economic and financial situation in the Soviet Union.

MNB and Soviet-owned banks in France and Germany were required "to seek clarifi-cation of their position from the competent authorities of the countries in which they are located" as part of last week's G7 agreement to defer repayment and principal on Soviet medium and long term debt until the end of 1992.

MNB, which is based in Lon-

don and has a branch in Singapore, said that both the Russian government and its two major shareholders, Gosbank and Vnesheconombank, were standing behind it.

Questions over the future of the Soviet-owned banks followed the decision of the Russian government to extend its control over the two main shareholders. The future of Mr Viktor Geraschenko, the head of Gosbank, the central bank, is also uncertain pending a Russian parliamentary vote on whether he should continue. At the end of 1990, MNB had

deposits of £1.5bn, of which approximately half were from western banks and the rest from Vnesheconombank, the foreign trade bank. It is understood that the Russian government made a similar commitment to the central

banks in Germany, France,

Luxembourg and Austria that

it would provide financial

backing for the Soviet-owned Banque Commerciale de l'Europe du Nord in Paris, the Ostwest Handelsbank in Frank-furt, the East West United Bank in Luxembourg and Donau Bank in Austria.

Moscow Narodny, the lon-gest established of the Soviet foreign banks, has been operating in London since 1919. Vne-sheconombank and Gosbank jointly own 51 per cent of the shares with 20 other Soviet institutions holding the rest. The bank has alimmed down its operations sharply over the

last two years during which

assets have fallen from £2.5bn

at the end of 1989 to current levels around £1.4bn. to the Soviet market now | cellor, his energy apparently accounts for around 50 per cent of its total business. "We would not like to increase that at present," Mr William Newman, the assistant general

Nets as Moscow Narodny Bank | Mugged by a man in a wheelchair

tion and asylum, for mislead-

ing the people over the costs of

unification, over the failure of

social protection in the east,

the huge burden of balf-hidden

government debt, and the plan

to raise value added tax and

reduce company taxation.
It was all most scholarly,

and restrained, as if he sought

to belie his erstwhile reputa-

German inflation has started

to accelerate again while

retail sales have slipped into

reverse, writes Christopher

Parkes in Bonn. Prices in

November were 4.4 per cent

Bavaria and Hesse during

Mr Schäuble suffered no

tion as a firebrand.

Quentin Peel hears future adversaries slug it out in the German Bundestag

AN unlikely pair of maidens yesterday took the floor in the German Bundestag, to give the great German electorate a first flavour of their political future: of life after Chancellor Helmut Kohl and his old sparring partner, Mr Hans-Jochen Vogel of the Social Democrats (SPD.) It was maiden speech day for the new parliamentary leaders of both Mr Kohl's Christian Democrats (CDU) and the opposition SPD, and their first big clash on the floor of the house in the all-important budget

In the blue corner, Mr Wolfgang Schäuble of the CDU, 49years-old, the acerbic, combative former Interior Minister, The bank's reduced exposure | and crown prince to the Chanundimmed by an assassination attempt in April which has left him wheelchair-bound In the red corner, Mr Hans-

Ulrich Klose, aged 54, once an enfant terrible of the SPD, a former mayor of Hamburg and anti-nuclear campaigner, now in the mainstream of the party. He comes below Mr Björn Engholm in the party pecking order, but he must be a possible future Chancellor.

In the event, their styles could scarcely have provided more of a contrast. Mr Klose was the first in the lists, to deliver a studious anal-

ysis of the range of German political debate, a text he read from the lectern like an earnest headmaster, spectacles on the end of his nose. He congratulated his rival on

higher than a year earlier, his election this week as leader according to provisional figof the ruling party in the ures published yesterday. Bundestag - and wished him a happy time as eventual Baden-Wurttemberg leader of the opposition. He recorded a 4.1 per cent rise, then proceeded to denounce and North Rhine/Westphalia the record of the government: 3.8 per cent. on the environment, immigra-

Bruising encounter: the acerbic Wolfgang Schäuble, left, and studious Hans Ulrich Klose such restraint. Fidgeting in his wheelchair, waving his spectacles, playing with his handwritten notes, he proceeded to savage the headmaster like an aggressive school inspector or simply a streetwise bully.

He took all the heckling

(from a suddenly bumptious Mr Klose, too) with the aplomb of a practised parliamentarian, using his opponents to flesh out his arguments, all a matter

The figures seem to mark

the end of a downward trend which took the index for west Germany from a peak of 4.4 per cent in July to 3.5 per cent in October. September results from the

HDE retail industry association also suggest the shopping boom has ended, at least in the west. After adjustment for inflation, sales were 0.6 per cent lower than in September 1990.

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of style rather than substance. He treated Mr Klose with exaggerated deference as he deflated his prose. He rounded on a member of the PDS - the successors to the old East German Communist Party - with a devastating: "With your record after 40 years of socialist dictatorship, I should just

He skated over the disagree ments and inconsistencies in the policies of the ruling coalition (over asylum, old age care abortion, state subsidies and the like) and hammered home its principal successes: the political achievement of unification, and the basis of a onceprudent budget from which to pay for it.

At the end of the round, one might sympathise with Mr Klose. Who will believe him when he says he was mugged by a man in a wheelchair. But we saw it happen.

Mainstream parties fear Milan poll

By Haig Simonian in Milan

ITALY'S political establishment has suffered a further blow with the collapse of the Socialist-led centre-left coalition council in Milan, opening the way for a period of uncertainty and, possibly, early elections.

An early poll would be particularly harrowing for the major parties after this week's election in the city of Brescia 60 miles from Milan, where the Lombard League regional party overturned the long-standing Christian Democrat majority to emerge as the largest party.

Mr Umberto Bossi, the leader of the League, confirmed yesterday that it would use its one seat majority in Brescia to form a new council and appoint a mayor.

The League's success, which indirectly triggered the Milan crisis, reflects the dissatisfaction among voters with mainstream parties.

The collapse of the Milan council followed the surprise decision on Tuesday night by four parties, including the reformed Communists and the Republicans, to precipitate a crisis by withdrawing support from the six-party coalition running the city since August 1990. The council had been teetering for months because of political differences between its members and a variety of construction-related scandals. Should it prove impossible to form a new council within the alloted 60 days, early elections will be inevitable - as happened in in Brescia. Given the results there, the main parties, including the Christian Democrats, which in Milan form the main opposition grouping, will

do their outmost to prevent

another embarrassing electoral

Republican foes hold talks

By Leyla Boulton

THE leaders of Azerbaijan and Armenia met yesterday in an attempt to defuse the threat of war following the Azerbaijani parliament's decision to claim control of Nagorno-Karabakh. Passions over the Armenianpopulated enclave inside Azerbaijan have triggered months of guerrilla warfare and an Azerbaijani blockade of Armenian energy supplies which has left the smallest Soviet republic shivering in the dark. The decision will escalate

fighting between Armenian

guerrillas and Azerbaijani

troops. It is also likely to speed

moves by the two indepen-

dence-hungry republics to create their own armies, Azerbaijan's President Ayaz Mutalibov and his Armenian counterpart, Mr Levon Ter-Petrosian, were in Moscow for a meeting of the State Council grouping leaders of all Soviet republics except Ukraine, Moldova and Georgia. Although President Mikhail Gorbachev is now trying to set up a buffer zone between the republics, his ability to broker a peace is marginal Russia and Kazakhstan have been trying to do the

same for weeks. Nagomo-Karabakh is seen as sacrosanct by both sides:

Armenia says it is part of ancient Armenia while the Azerbaijanis claim it is their land to keep and that it has never belonged to Armenians.

manager, said yesterday.

 Russian foreign minister Andrei Kozyrev yesterday joined his Soviet counterpart, Eduard Shevardnadze in fearing another coup attempt in the Soviet Union, Reuter reports from New York.

Mr Kozyrev said during a visit to Washington: "There is a danger probably of a coup d'etat but it will not solve any problems. It will just lead to

Yugoslavia's neighbours try to contain the flames

BULGARIA and Hungary have asked for European Community observers on their borders with Yugoslavia fearing the civil war in Croatia will spread to their ter-

The requests, made both to the Community and to Lord Carrington, chairman of the EC-sponsored peace conference, are aimed at containing the war and preventing exploitation of the Yugoslav crisis by opposition parties, particularly

Mr Stefan Tavrov, Bulgaria's deputy foreign minister, said in Paris earlier this week that EC observers had to be sent by the end of the year because he believed Serbia might try to stir up trouble among ethnic Serbs in the republic of Mac-edonia which borders Bulgaria

Mr Geza Jeszenszky, Hungary's foreign minister, was told by EC officials in Luxembourg that Community monitors, already in Croatia, would be also sent to the Yugoslav side of the Hungarian border. "But no decision has been made to send monitors into Hungary itself," a Hungarian diplomat

said yesterday. The requests by both governments follow similar pleas by the authorities in Bosnia-Hercegovina to send observers to this ethnically-mixed part of

Mr François Heisbourg, director of the London-based International Institute for Strategic Studies (IISS), said yesterday: "If there is any effective action the European Commu-nity can now take, it is to send observers to those areas where there is still peace."

Over the past three months, the civil war in Croatia has affected Bulgaria and Hungary in similar, and different ways. Both have been accused by Serbia of trying to annex parts of Yugoslavia. More than in the Serbian-controlled province of Vojvodina, which was part of Hungary before 1918. while Macedonia is currently divided between Yugoslavia,

Greece and Bulgaria. President Jozsef Antall of Hungary, and President Zhelyu Zhelev of Bulgaria, have repeatedly denied such claims. However, Hungary has had

Judy Dempsey,

East Europe Correspondent, reports on the threat that the civil war poses to the other countries of the Balkans

more than Serbian propaganda to contend with. Since June 25. when civil war erupted in Croatia following its declaration of independence, more than 40,000 refugees have fled to Hungary. The Budapest government has so far allocated Ft800m (25.75m) from the budget to care for them. In addition, aircraft from the Serb-dominated Yugoslav fed-

eral army have repeatedly violated Hungarian air space. The Hungarian defence ministry has recently promised improved security arrangements on the border with Yugoslavia, but in the view of Mr Heisbourg of the IISS the country does not have the means to monitor, let alone defend, its air space.

"The Soviet forces, which has been stationed in Hungary [until earlier this year] provided all the radar equipment, he said. "To send monitors to that border would make sense, provided it was a straight-forward monitoring mission which could also deter illegal border crossings."

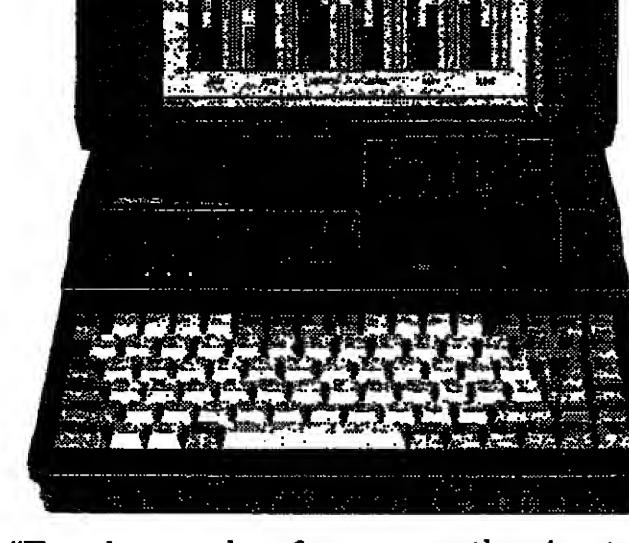
Bulgarian diplomats said yesterday that the EC monitors' role, apart from containing the war, might also contain the exploitation of the situa tion by the Bulgarian Socialist .. (ex-Communist) party. "The former Communists are now riding the nationalist ticket, said one. "They are trying to reawaken the idea of a Greater Bulgaria, which would include Macedonia. This is exactly the kind of propaganda which Ser-

bian television is putting out."
In Macedonia, the government has tried to distance itself from both Croatia and Serbia, for fear that Mr Slobodan Milosevic, the Serbian president, will would encourage the 45,000 Serbs in the republic to declare autonomy and try to make those Serb-inhabited region of Macedonia part of a Greater Serbia.

"If this happened, the nationalists in Bulgaria would then try to reclaim part of Macedo-nia. This would undermine our stability in all sorts of ways," the diplomat said. "The nationalists would then provoke the ethnic Turks in Bulgaria, who might then try to seek their own autonomy. It is a terrible

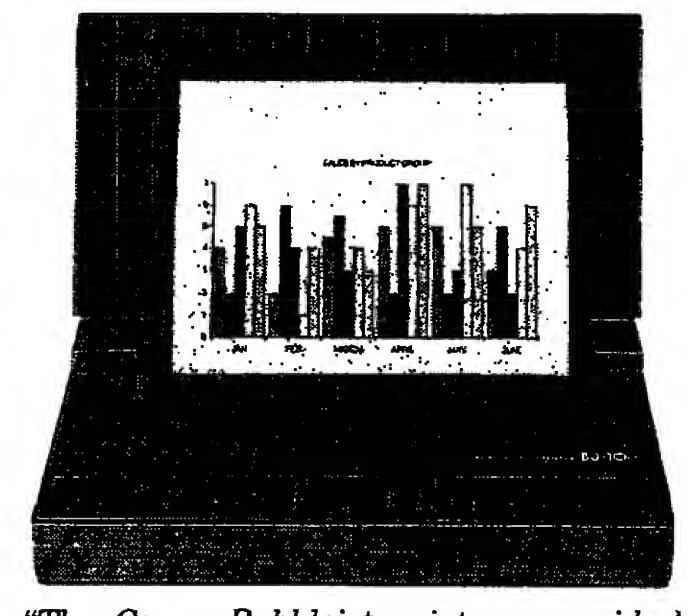
Other diplomats said the 377,000 ethnic Albanians in Macedonia could also be provoked into seeking closer links, not only with the ethnic Albanians in the [Serbian controlled] province of Kosovo, but with Albania as well." Mr Heisbourg said: "We

must not make the mistake that this war can be contained to Croatia. There are huge potential trouble spots, which could affect the entire stability of the Balkans. The civil war must be prevented from spilling into other parts of Yugoslavia, and the whole region.



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surprising that tribal violence

where mining companies long

kept workers in accommoda-

tion segregated by tribe. But

miners at President Steyn's

single-sex hostels - institu-

tionally dreary, but far more

pleasant than the blackened

and broken down hostels

where so much township vio-

lence has focused - have

always been integrated. None-

theless, Xhosas and Sothos

have regularly battled at Presi-

gist and labour consul-tant, Mr Kent McNa-

mara, violence between black

miners left 386 dead between

1974 and 1968. Basotho miners,

who have dominated among

the supervisory "team lead-

ers" - or "boss boys", as they

used to be called - have often

clashed with Xhosas workers

from the Cape province and

the nominally independent

Basothos have a longer history

of mine work, and occupy jobs

with a higher status. As for-

eigners, they feel vulnerable

about their jobs in a troubled

industry, and though well-rep-

Both are migrants, but the

Transkei homeland.

ccording to anthropolo-

dent Steyn.

should flare in the mines,

INTERNATIONAL NEWS

Israel challenges US peace process

By Hugh Carnegy in Jerusalem

ISRAKL yester

day challenged refused to attend negotiations

in Washington on the date pro-posed by the Americans, and reiterated its demand that meetings in the US capital be quickly moved to the region or At a cabinet meeting convened by the prime minister,

Mr Yitzhak Shamir, the government said it was willing to resume in Washington talks begun at the Madrid peace conference late last month. But it said that the bilateral talks with Syria, Lebanon and a joint Jordanian-Palestinian delegation should begin on December 9, not December 4 as proposed by the US, and should not be prolonged. "Israel is ready to hold one or two meetings in Washington so that later negotiations

will be conducted in the region

or close to it," a government statement said. The cabinet made no mention of an earlier demand that the talks in Washington be confined to procedural issues. It also suggested that the date proposed by Mr James Baker, the US secretary of state, in invitations sent out last week was inconvenient because of the Jewish festival of

Hanukka, which does not end

until December 9.



Foreign Minister David Levy explaining Israel's stance

But the cabinet decision was clearly calculated to confront what the government perceives as a hostile attitude towards it by Mr Baker and President Bush. Mr Shamir and his ministers were angry that Washington did not take account of their objections to holding indefinite, simultaneous bilateral talks in Washington, asking instead for unconditional yes or no answers to the invitation. Their stance was condemned

as petty and self-defeating by opposition leaders who warned against conflict with Washington. But the government statement said the US terms would establish a pattern similar to that of an international conference which Israel had always sought to avoid

. It said the Arab parties wanted to co-ordinate their positions against Israel and avoid as far as possible genuine face-to-face bilateral nego-

Australia may ease rules for foreign banks

By Kevin Brown in Sydney

broken skin, and he cannot

breathe without a ventilator.

But the doctors say he will sur-

vive - unlike 84 of his col-

leagues at the President Steyn

gold mine near the South Afri-

can town of Welkom, killed in

the last three weeks in faction

fighting which could yet claim

The fighting at the mine

- the latest swell in a wave of

violence which has swept

South Africa since early last

year - cannot easily be

explained. Like almost every

other incident of black-on-

black violence, tribalism and

politics, economic hardship

and social strain combine to

Nobody knows why that

letbal cocktail - present, to

some degree, in every mine in

South Africa - should have

exploded only at President

Steyn, one of the Anglo Ameri-

can Corporation's mines in the

Orange Free State. The imme-

diate cause was clear: a dispute

between miners over whether

or not to support the country's

two-day general strike early

this month. In the only serious

incident of violence provoked

provoke men to murder.

many more victims.

OVERSEAS banks are likely to be given easier access to the Australian market and permission to operate as branches rather than subsidiaries following a report published yesterday by a parliamentary inquiry into the banking system.

Mr Stephen Martin, the Labor chairman, said the changes would bring Australia into line with other financial centres and help increase reciprocal opportunities for Australian banks. The recommendations are likely to be

approved by Mr John Kerin, the treasurer (finance minister), who has previously indicated sympathy for further deregulation of the banking system. The report says the Australian market

should be open to banks based in countries which offer reciprocal access to Australian banks, subject to their ability to meet prudential requirements to be specified by the Reserve Bank.

Foreign banks would also have to offer protection for depositors similar to that offered to depositors with Australian

Overseas banks were allowed to enter the Australian market in the early 1980s. when 16 licences were issued as part of the process of deregulating the banking industry. However, they were required to operate as subsidiaries, with their own capital, rather than as branches trading on the capital of their parent companies.

S African cauldron of tribalism and politics

National Union of Minework-

ers (NUM). Several kilometres

away, in President Steyn's number four shaft hostel,

where much of the fighting has

concentrated, the rival group

independent state of Lesotho

who are ethnically related to South Africa's Sotho tribe

- are segregated to keep the

with the general strike which

it sponsored to protest at the

imposition of value-added tax

in South Africa. "VAT has got

nothing to do with us," says an

articulate Basotho spokesman.

who requests anonymity to avoid reprisals. "We joined the

mineworkers, not a political

Despite orders from the ANC

that compliance with the strike

call should be voluntary,

Xhosa workers attacked a Bas-

othe miner who tried to go to

work as normal. The Basotho

retaliated, and like in so many

South African townships, nor-

mal life was sucked into a vor-

fighting is now rigidly tribal.

Both sides agree that the

On one level, it is scarcely

tex of violence.

As foreigners, they want

- Basotho miners from the

National Westminster, Barclays and Deutsche Bank were among a number of foreign banks which told the inquiry they were unable to compete with the domestic banks because of their higher cost of

funds. The committee said it was clear that branch banks would have a broader cardtal base and improved fund raising capabilities. It said the Reserve Bank was confident it could devise "suitable

arrangements" to supervise branches. Foreign bankers said the changes would attract more banks to Sydney, in line with government attempts to promote the city as a leading Asia/Pacific financial centre. However, some said the report had failed to clarify the proposed mechanism

for prudential supervision and deposit pro-tection. Mr Richard Webb, chairman and chief executive of Barclays Australia, said

in the banking market, which is dominated by four national trading banks. • increased disclosure of margins and

• easier access to banking licences and inter-bank payment systems for building societies and credit unions:

 and detailed scrutiny of merger proposals between financial institutions to prevent diminution of competition.

the bank would probably establish a branch if the rules were changed, but would not decide "until there is a little more flesh on the bones" of the report. The committee's conclusions on foreign banks were in line with other recommendations intended to increase competition

• an inquiry into credit card interest

The report was welcomed by the Australian Bankers' Association, which said it had avoided "the cliches of bank bashing".

Faction fighting in the mines could claim many more victims, writes Patti Waldmeir resented in the union, they are unwilling to incur disciplinary action by supporting political

Tribal, class and political tensions were no doubt exacerbated by the simple fact of hostel life: thousands of men live together in communal rooms, migrants who see their families only infrequently. Sex is clearly a problem - as can be seen from an anti-Aids poster in number four shaft hostel as is boredom and overcrowd-

Company spokesmen fear violence could spread to other gold mines, with 94,000 Basotho miners forming a large chunk of the industry's 366,000-

strong workforce. At President Steyn, the danger is clear: both sides say they can no longer live together. "Even if they (the Xhosas) come back, they will still want us to join the ANC, Basotho spokesman.

They can kill us before we will join the ANC," he adds. The Xhosas - who have come off worst in the fighting - say they too want to remain segregated. They are openly planning revenge, to keep the cycle of violence at President Steyn active for some time to come.

Branches likely to be allowed rather than subsidiaries

South Africa's ruling

National Party faces possible

defeat in a parliamentary by-election to be held today

in the conservative Orange

Free State constituency of

Virginia, writes Patti Wald-

The National Party won

Virginia in the 1989 general

election by a margin of 47

votes, but unhappiness with the political reforms intro-

duced since then has led to a

surge in local support for the

ultra-right Conservative

Party. The Virginia result

could affect government

plans to hold a referendum

for white voters, as early as

next year, to ratify reforms.

by the strike, which union offi-

cials say was supported by

more than 3m workers, 15 men

tel, where refugees from the

fighting are being housed, a

group of about 100 gathers to

Xhosas loyal to the African

National Congress (ANC), cho-

rus their replies: they were

attacked because they support

the ANC and its affiliate, the

The men, highly politicised

died at President Steyn.

tell their stories.

Moi critics have charges dropped

THE Kenyan government yesterday dropped charges against four of its critics arrested two weeks ago for planning to hold a pro-democracy rally, court sources said, Reuter writes from Nairobi.

The four, including Mr Jaramogi Oginga Odinga, a former vice-president and Mr Paul Muite, a leading human rights lawyer, were among at least a dozen opposition leaders arrested as the government moved to stop the banned November 16 meeting in Nai-

President Daniel arap Moi said on Tuesday that Mr Amos Wako, the attorney-general, should review the cases of

those arrested. Meanwhile, members of the opposition group which organ-ised the rally, the Forum for the Restoration of Democracy (Ford), yesterday welcomed a decision by western donors to delay aid to Kenya pending economic and social reforms.

UN in appeal for Afghan funds

By Farhan Bokhari in Islamabad

THE United Nations agency channelling assistance to Afghanistan yesterday launched an international appeal for \$94.1m (£53.1m) in support of Afghan reconstruction programmes for next year.

The Office for the Co-ordination of Humanitarian Assistance to Afghanistan also appealed for supplies of 61,000 tonnes of wheat to prevent food shortages. In his annual

report on the Afghan reconstruction programme, Mr Benon Sevan, a UN envoy, says the money is needed to clear about 10m mines which had killed 200,000 people and maimed another 400,000 during

the country's 13-year civil war. Land under cultivation has been reduced by 40 per cent. Life expectancy for women is 42 years while infant mortality for children under five is 298

per thousand. Responding to questions about recent reports on the misuse of UN funds. Mr Sevan said some of the funds had been unaccounted for because of difficulties in maintaining bank accounts in Afehanistan.

They had now been accounted for, he said, and a committee of the UN's general assembly is due to receive a report on the issue, next week. | banks.

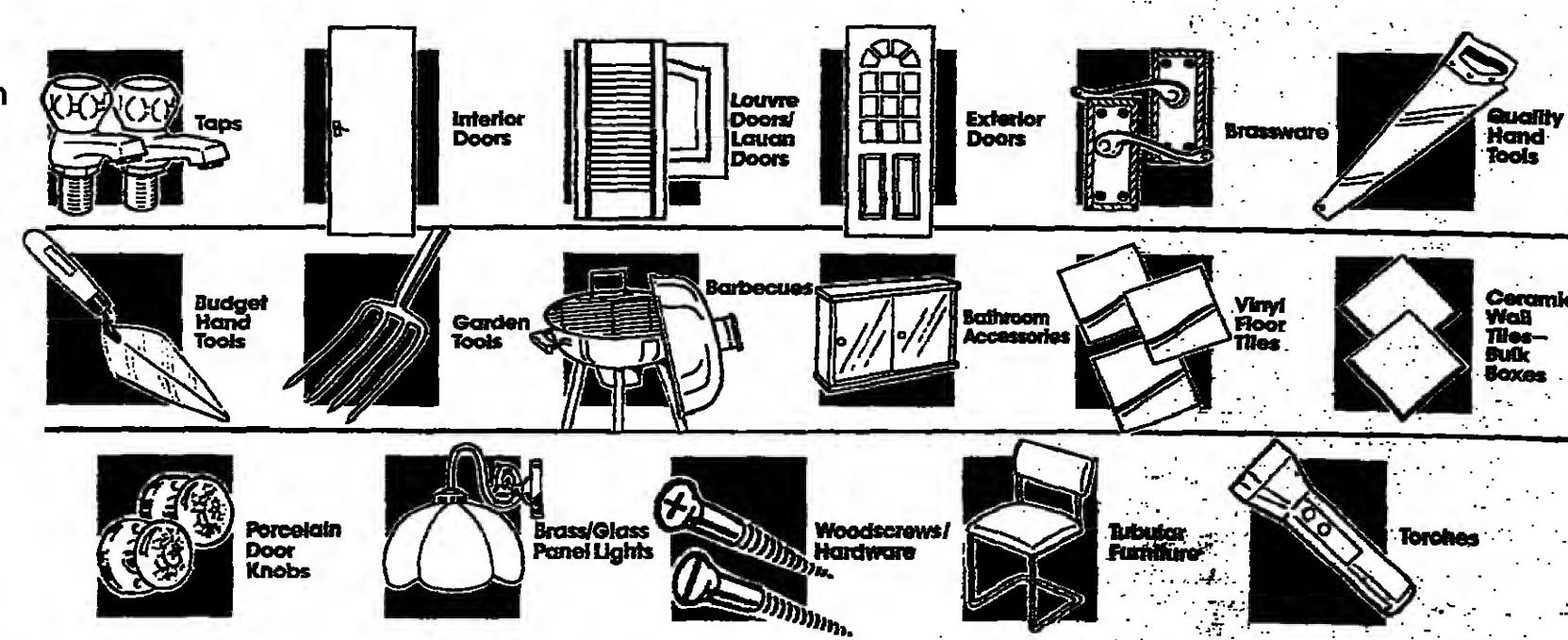
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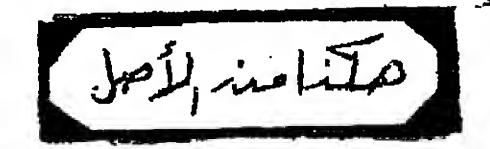
If you are a British manufacturer and believe you can replace any of the imported goods listed opposite with British made products of comparable quality and cost, please write to:

David Jobson, Buying Director, B&Q pic, Portswood House, 1 Hampshire Corporate Park, Chandlers Fords, Eastleigh, Hants, SO5 3YX Fax 0703 256095.









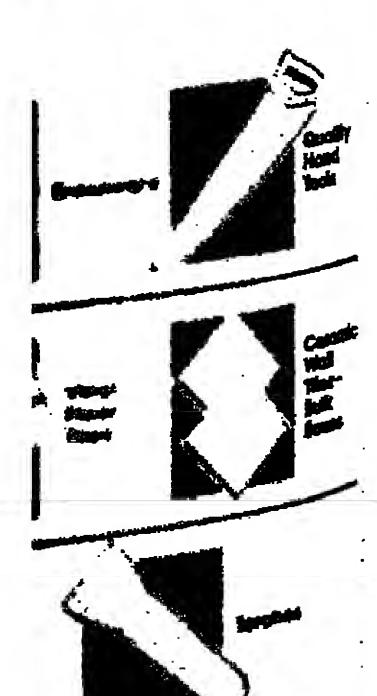
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Committee and the second secon Moi criticsi charges dra SCOUNT OF THE PARTY OF THE PART TOTAL SEE MAN Production of the party of the ord And Design W. F. Sept Page Ass. The Street WALK I THE (4) 4 1 1 1 1 1 1 1 1 1 1 1 1 ें के विकास स्थाप PERMINE STREET, ST. BARRY 2 2 1 . LERI . The second second OPEN YOUR MIND. In 1986 "I Can't Believe It's Not Million." was introduced to millions of Americans. It was an instant success.

In fact "I Can't Believe It's Not Button!" has become one of America's favourite vegetable fat spreads.

Now America is the land of free speech. If you want to say "I Can't Believe It's Not Butter!," you can come right out and say so.

On television. In front of millions of your fellow Americans.

But not in Britain. Over here, some people – including a certain food lobby – say if it isn't white, you can't put white in the name.

We could show you our commercial. But only if we change our name. Silly, isn't it? Because all we wanted to tell you is how good "I Can't Believe It's Not **WWW!" actually tastes.

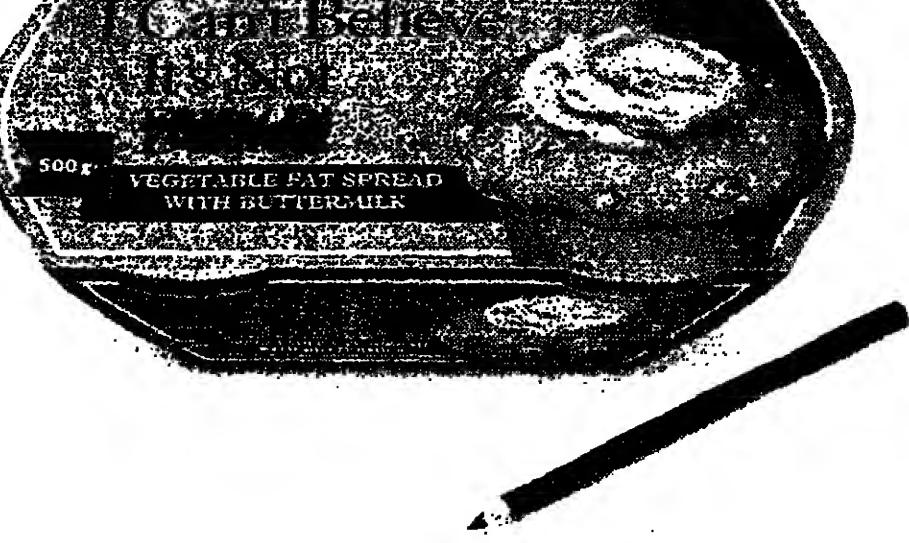
You see, we make it with www.milk.

It has a fresh #######-like taste.

We can tell you it's a vegetable fat spread, high in polyunsaturates, low in saturates and containing virtually no cholesterol.

We can also inform you "I Can't Believe It's Not White!" is now available in Britain's shops and supermarkets.

And we know we can rely on you to spread the word.



OW MANY new products launched on television can claim 37% prompted awareness after one week? This is what "I Can't Believe It's Not Butt achieved by advertising in the newspapers. After two weeks demand was so great that retailers were selling out. The top six grocery retailers increased their orders and another major retail distributor who hadn't considered stocking the brand quickly changed its mind. All this on a budget half the amount Van den Berghs' had originally ear-marked for television. Now they can't believe it's not better to advertise in the newspapers. Can you?

Cambodians rush headlong to market

Committed capitalists are nervous about the lack of controls, writes Victor Mallet

AMBODIA'S headlong rush from Marxism-Leninism has become so frantic in the last few months that even committed capitalists are ner-vous about the future of an uncontrolled and unintentional experiment in extremist free-market economics.

1 1

The formal economy has almost ceased to exist following the signing of the October peace accord that relegated the Vietnamese-installed government of Prime Minister Hun Sen to a caretaker role until UN-sponsored elections in 1993. The process set in train by the peace agreement was put in question yesterday when Khieu Samphan, a Khmer Rouge leader, was beaten up on his return to Phnom Penh. He was flown back to Bangkok.

Amid uncertainty about the nature of a future government, such commercial and financial regulations as do exist are widely ignored. Smuggling and corruption are rife, and foreign entrepreneurs are hurriedly exporting tropical hardwoods and buying state property from officials who apparently have no right

"Hum Sen is the best son of Margaret Thatcher," says Mr Raoul Jennar, a Brussels-based consultant. "It's real liberalism. In fact they are selling every-thing now." Cambodia, in the words of a Soviet diplomat, is "one of the freest markets in the world. In fact it's a free-for-all."

The results are startling. Phnom Penh, the capital, is experiencing an economic boom as foreign aid workers. UN officials and businessmen re-enter the country after 20 years of civil war. The streets are packed with new motor-cycles and second-hand cars from Thailand, refuelled by roadside stalls selling petrol in old Fanta bottles. Traders are frantically refurbishing their premises. Investors have focused on oil exploration - some deals have already been signed - and on tourism, while Cambodians of Chinese origin, with family connections in Singapore, Thailand and elsewhere, are taking the lion's share of

enforced, and prices for imported luxuries are as low as anywhere in the world. Goods are smuggled into neighbouring countries such as Laos and Vietnam, where tariffs are higher and some luxury imports are banned. It all began in 1989, when the government officially recognised the existence of the private sector and liberalised agriculthe import-export business. One Thai ture, paving the way for the privatisa-

'Cambodian officials are selling property they have no right to sell. They are selling everything. It's one of the freest markets in the world. In fact it's a free-for-all'

bank has set up a joint venture. "It's almost the last part of the region to open up," said Mr Paul Prescott, executive director of The Aseana Hotel Corporation, which is embarking on a \$2m renovation of the Grand Hotel near the famous Khmer temples of Angkor Wat, and planning to spend a further \$15m-\$20m on expanding the hotel. Aseana is a consortium including Thai, Israeli, Australian and Cambodian investors.

"It's a gamble, but it's first-come, first-served," he said. "People compare it to Bangkok maybe 40 or 50 years ago. Dairy produce, Coke bottling, you name it - it's not here yet."

Prince Norodom Sihanouk, the newly-returned hereditary monarch who heads the interim Supreme National Council, is enthusiastic about economic developments. "We are going to imitate Thailand in order to go fast towards development and prosperity," he told a news conference in the Royal Palace. Tariffs are low and not always

tion of a state bicycle factory and other businesses. At the same time the trading relationship with Moscow and the Communist bloc started to collapse along with the Soviet Union.

But rampant free-marketeering has brought its problems. Inflation is running at several hundred per cent for some products and services, and growing corruption was inevitable in a civil service where typical wages for junior staff amount to between \$5 and \$10 a month. Cambodian officials, aid workers and diplomats are concerned about the economy's inability to absorb for-eign assistance because of the loss of the many skilled people killed or exiled during the Khmer Rouge reign of terror between 1975 and the Vietnamese cap-

ture of Phnom Penh in 1979. They are also worried by the contrast between the relative wealth of the capital and the poverty in rural areas. "There is Cambodia, there is Phnom Penh, and there is the Cambodiana (the capital's only luxury hotel)," said one

aid worker who makes artificial limbs

for land-mine victims. The situation is often compared to the corrupt era of Lon Nol, the US backed Cambodian leader overthrown by the Khmer Rouge 16 years ago, and it is feared that rural resentment will garner support for the anti-urban Khmer Rouge guerrillas. The government hopes that peasants will profit from the peace by selling more produce. Another fear is that Cambodia, even if it is successful, will make the same mistakes as Thailand, irreparably damaging its environment and ignoring infrastructural development until it is too late.

There are no reliable statistics about the state of the Cambodian economy, although the country's per capita Gross National Product certainly remains one of the lowest in the world. In the minis try of commerce, figures for dollar-denominated exports and imports are simply added to rouble exports and imports to give apparently meaningless totals in "rouble-dollars".

Mr Khieu Kanarith, a writer and former politician, says that nobody is in control of the economy. "Many people in the government have the wrong idea about the market economy," he said. "They think that by liberalising the economy they can solve everything - like a wonderful drug of which you take one pill and you can cure everything - but it's not right."

Some people are certainly doing well in Phnom Penh's cash dollar economy, but as one locally-based trader said: "It's only a few rich people making money. It is the law of the jungle." Editorial comment. Page 12



South Korea's opposition members doze as parliament began a sit-in protest yesterday. The opposition Democratic Party claimed that President Roh Tae-woo's ruling party had forced disputed bills through parliament on Tuesday night - a move which led to fist fights.

Iraq 'is breaking UN export ban' exports by moving large quantities of equipment such as bulldozers across the border to Iran, a US Senate report said yesterday, Renter reports from

Washington. The report, written by Mr Peter Galbraith, a foreign relations committee staff member who visited Kurdish-controlled Iraq in September, said Kurds had told of "whole factories"

waiting to cross the border. The report also accused Iraqi President Saddam Hussein's government of extensive atrocities against the Kurds. Mr Claiborne Pell, committee chairman, called for strict enforcement of sanctions and limited military aid to opponents of the regime to help force Mr Saddam from power.

Mr Galbraith said that from

IRAQ is breaking a UN ban on being among contraband the evidence he found at Haj Omran, on the Iranian border, "it is clear that Iraq is export-ing its infrastructure to Iran at fire-sale prices".

Mr Galbraith said he saw in the town more than 30 large bulldozers, at least seven giant cranes, steam shovels and hundreds of big dump trucks, while parked along the road leading to the border were trucks laden with machinery.

China's communist old guard puts faith in nepotism

By Yvonne Preston in Beijing

THE delayed plenum of the Chinese Communist Party central committee has opened with the future of communism and the handing of power on to the children of party elders

high on the agenda. A meeting of the full central committee. which must take place before the end of the year, is expected to decide the next generation of China's leaders to ensure the party stays firmly in the hands of

loyal Marxists. Nepotism is a deep-rooted tradition in China closely associated with imperial China's mandarinate, and the plenum is expected to endorse the wholesale elevation of the children of party elders to top jobs, securing their inheritance when their octogenarian back-

ers finally depart the scene. The communist system faithfully echoes the old Chinese proverb, "when a man becomes an official, even his dogs and chickens go to heaven"

China's premier, Li Peng, is the adopted son of Zhou Enlai. New members of the party's ruling politburo, to be decided at the plenum, are expected to include Vice-Premier Zou Jlahua, son-in-law of the late Marshal Ye Jianying, and Yang Baibing, the brother of President Yang Shangkun,

The plenum is the last chance for the old guard to act on behalf of their chosen successors before the 14th party congress, to be held next year, formally anoints the leadership for the next five-year period. The sons and daughters of

the "third wave", sometimes known as the Gang of Prince-lings, include Chen Ynan, son of conservative economic guru Chen Yun, and Deng Yingtao, son of conservative ideologue

Deng Liqun Between 30 and 50 members of the "faction of sons and brothers of senior cadres" are said to be headed for Central Committee membership.

During its three or four days of talks the plenum is also debating agriculture, with the leadership acutely aware of the contribution made by food scarcity to the collapse of com-munism in the Soviet Union. Problems loom in the sector

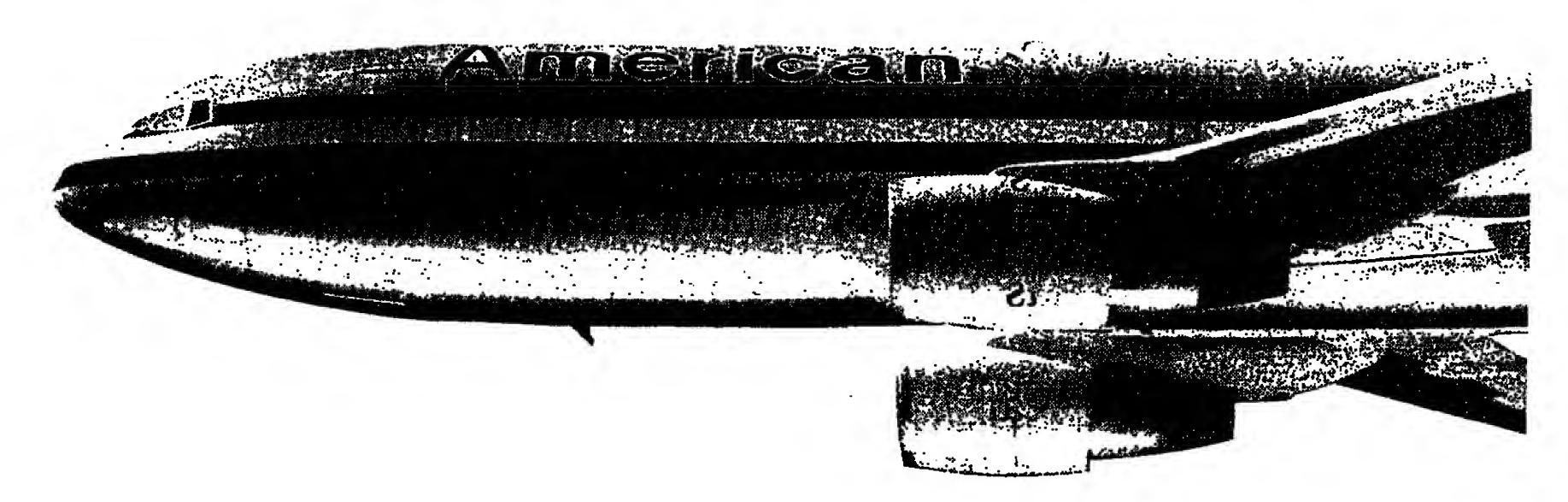
with the impending end to the 15-year period initially pre-scribed for the household responsibility system which replaced the communes in

Peasant farmers are anxious that the system which has helped enrich many of them will revert to collectivisation Though this is unlikely, some element of the collective will have to be restored to build and maintain irrigation works and to ensure the state is sup-

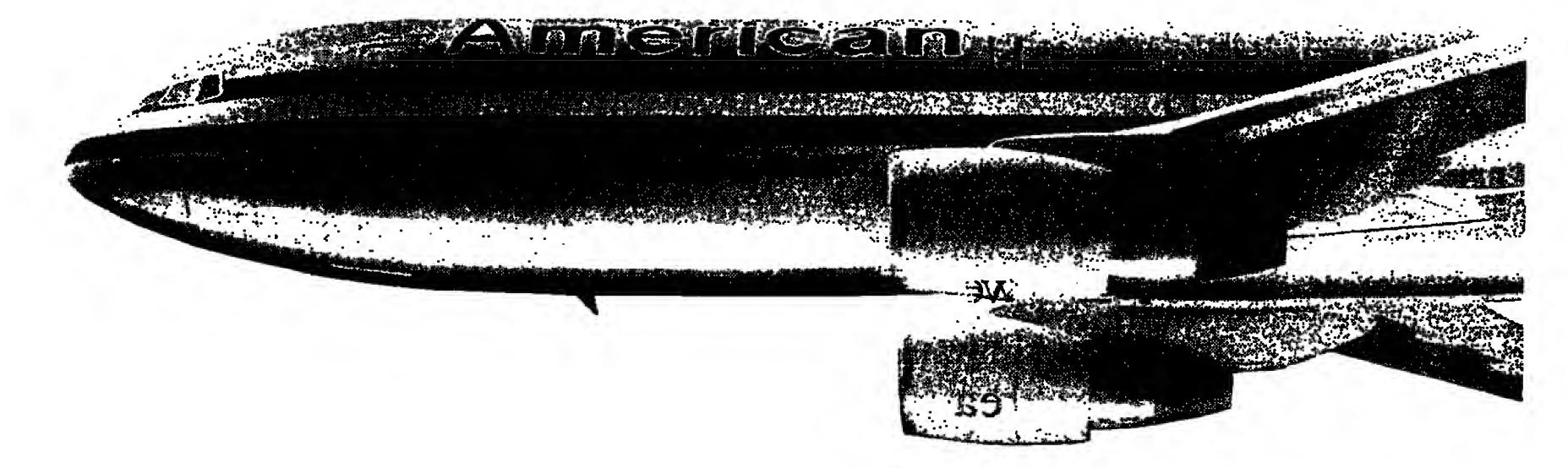
plied with sufficient grain. The plenum is also expected to endorse the controversial Three Gorges dam project on the Yangtze River, despite strong international opposition from environmentalists.

Observers are divided about whether the new politburo members will be named when the plenum ends or only at next year's 14th party congress. The speculation is there will be four, among them Vice-Premier Zhu Rongji and Foreign Minister Qian Qichen Their appointments would see the pro-reform strength of the

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Japan leads Hong Kong manufacturing investment By Angus Foster in Hong Kong

JAPAN has emerged as the largest investor in Hong Kong manufacturing, eclipsing the US for the first time. Japan's total investment in

Hong Kong manufacturing rose to HK\$9.75bn (\$1.2bn) in 1990, equal to 31.5 per cent of total foreign investment, pushing the US into second place with HK\$9.47bn. China was the third largest source of foreign investment. Britain came

Japan has greatly increased investment in Hong Kong and in other South East Asian countries since the mid-1980s when Japanese manufacturers were adversely affected by the

Hong Kong now ranks second to Indonesia as a location for Japanese investment, a statistic lauded by the Hong Kong government as proof of Japa- static or fell.

confidence in Hong The Japanese investment has mainly been directed into electronics and electrical prod-

However, Japanese businessmen have also been investing in southern China, where much of Hong Kong's manufac-turing is now located, although this investment is not reflected in the Hong Kong figures.
The latest statistics, released

by the Hong Kong government yesterday, provide mixed pointers for the colony's attractions as a manufacturing centre. Although overall foreign investment gained slightly to HK\$30.93bn, the rate of increase fell for the second year running and investment from the UK, the Netherlands and Australia either remained

Bhopal criminal case opens

AN INDIAN court yesterday opened hearings in a criminal suit arising from the lethal gas leak which blanketed the central Indian city of Bhopal in 1984 in the world's worst industrial disaster, Reuter reports from Bhopal

Defendants in the case are the former chairman of the USbased Union Carbide Corporation (UCC) and eight executives of its Asian subsidiaries. The chief judicial magistrate of Bhopal, Mr Gulab Sharma, said a proclamation declaring

the former UCC chairman, Mr Warren Anderson, absconder from justice" should be posted. Indian officials say more than 3,800 people have died in Bhopal as a result of breathing lethal gas leaked from the UCC plant.

India's Supreme Court last month paved the way for the criminal suit when it upheld the \$470m civil settlement. But the court overturned the part of the settlement which gave the company and its executives immunity from prosecution.

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American Airlines reserves the right to change the Addvantage Programme rules, regulations, travel awards and special offers without forces and to ond the Addvantage Programme with the manufacture. By William Dullforce in Geneva

AN AGREEMENT on public procurement that would open up a potential market of some \$1,700bn (£960.4bn) a year to international competition is within the grasp of negotiators working in the shadow of the Uruguay Round multilateral trade talks.

Over the past three months the European Community, the US, Canada and Japan have significantly narrowed their differences on how to revise and expand the code of the General Agreement on Tariffs and Trade (Gatt) on government procurement.

Although the crucial issue of how to liberalise telecommunications has still to be resolved. "the mood has changed and agreement by the end of the year is no longer a pipe dream", according to Mr David Hayes, the talks chair-

CONGRESSIONAL approval of

favourable trade terms for the

Soviet Union is on its way to

the White House almost 10

weeks after it was requested,

Nancy Dunne reports from

It paves the way for Presi-

dent George Bush to grant

Most Favoured Nation trade

status to the Soviet Union, to

Washington.

Japan, in particular, has modified its earlier stance while the US administration has been working hard to change attitudes among its state agencies that earlier appeared to impose an insuperable obstacle.

The Gatt code established an international framework for the regulations and procedures to be used in government procurement where discrimination in favour of domestic enterprises has been the common practice.

At present the code applies only to buying by central governments, covers only contracts worth more than SDR130,000 (£160,750) and is adhered to by only nine EC member states, the US, Japan, Canada, Austria, Finland, Hong Kong, Israel, Norway, Singapore, Sweden and Switzerland.

provide the lowest tariff rates

available, and shows he did not

win his reputation for caution

MFN will arrive in the Soviet

Union, where it still must be

ratified by the shaky Soviet

legislature months, if not

years, after it might have made a contribution to Soviet eco-

without due cause.

nomic reform.

These countries have been negotiating an extension of the coverage to regional and local authorities and to public utilities in telecommunications, power, water and trans-

- :

DOLF Another objective has been to encourage more countries to sign the code. The talks are not formally part of the Uruguay Round but have been conducted under its umbrella: they came to a standstill when the Round almost broke down last December.

Now a revival of discussions among the four big powers has led to breakthroughs on some smaller issues and raised the prospect of results on the major issues. A draft legal text was presented to the four last

In principle, they have accepted that the code should be extended to regional

For the past three years, US

business interests have been

urging MFN status for the

Soviet Union. Convinced that

President Mikhail Gorbachev

wanted change in superpower

relations, they hoped to push

the process along. Even Con-

gressman Charles Vanik, one

of the authors of the Jackson-

Vanik amendments, which

Congress backing for Soviet MFN comes as too little too late

granted.



authorities and to utilities. The EC and US are negotiating bilaterally the removal of the remaining obstacle which access to the EC countries' procurements of telecommuni-

linked MFN to emigration in

the 1970s, urged the status be

delayed, using MFN as a carrot

to win concessions in arms

cuts and other areas. With

much fanfare President Bush

signed the bilateral trade

treaty with Mr Gorbachev in

June 1990, but insisted it would

cations and heavy electrical equipment and the EC's counter-demand for access to US state authorities, particularly urban transport contracts, and to regional telecommunication

companies. Washington wants code's contract threshold lowered to SDR50,000 while the EC has stuck to SDR130,000 in its recent internal directives. Last week Japan announced that it would reduce its threshold to SDR100.000 for foreign bidders.

Mr Hayes reports broad agreement on the inclusion of challenge procedures under which suppliers would be able to test any aspect of a procurement process.

All countries except the US agree to include a "self-denial" clause under which governments commit themselves not to impose discriminating mea-

not go to Congress until

tion policy.

Moscow codified a free emigra-

MFN had been granted to

other Communist countries,

but none had been compelled

to codify a law which, in the bad old days of the Cold War,

would most likely have been a

meaningless piece of paper.

Emigration from the Soviet

sures, such as Buy American or Buy British instructions, on their procurement bodies.

When coupled with the code's general non-discrimination obligation this clause could be a potent instrument for opening up markets to foreign suppliers.

The principle of extending the code to include government procurement of services in no longer disputed. A compromise over which

services to cover calls for the drawing up of a "universal list of tradeable services" on the hasis of which countries would indicate those they wanted to include or exclude.

Construction services, where Japan is reluctant to include those bought by sub-federal public bodies, are likely to be dealt with separately and to carry a higher threshold, probably of SDR4.5m.

that it had to be limited.

US business saw potential for a

huge Soviet market if the



By Nancy Dunne in Washington

MRS Carla Hills, US Trade Representative, yesterday began selecting hundreds of millions of dollars worth of Chinese exports for potential sanctions, on grounds that Bei jing had failed to protect intellectual property rights ade-

After six days' talks. US and Chinese teams falled to agree on US complaints in time for a US-imposed deadline of Tuesday night. China's ministry of foreign economic relations and trade expressed "deep regret" and claimed negotiators had come to Washington with "a sincere and co-operative attitude". It called potential sanctions "unfair" and said the Chinese were not to blame for the

talks failing. Sanctions, probably 100 per cent tariffs, could equal the Union had reached such levels cost to US industry of lost sales due to lack of trademark, copyright and patent protection. US businesses see losses of \$300m The Soviets were expected to gain little immediately for their exports from MFN. About half of Soviet products already entered the US duty-free, But (£170m)-\$400m on computer software, and \$118m in sound and video-recording sales. The pharmaceutical and chemical industries see their losses at reform process could be stabi-\$160m a year due to patent infringement. The list of potential sanctions was to be put out by Mrs Hill's office late yester-day. It could lead to sanctions by China and more retaliation,



Hills: more inquiries

better trade ties. Mrs Hi office is also investigating m ket barriers under Section

of US trade law. President Bush stays re tant to move against Beij whose co-operation he wa on nuclear non-proliferati But he has been forced int harder line by the US C gress, to stave off a revocat of China's Most Favou Nation status. The sancti list would have been put o month ago, but was delaye allow China time for a chi

Hong Kong fears damaş

HONG Kong braced yesterday for the US announcement of which Chinese goods will be listed under Special 301 provisions, while businessmen said growing US-China trade friction threatened serious damage to the colony, Angus Foster writes from Hong Kong. expressed concern at the US

ending what were until 1987

The Hong Kong government move. Much of the colony's manufacture has shifted to southern China since the mid-1980s, while almost 80 per cent of China's \$15.2bn (£8.5bn) worth of exports to the US last

year went through Hong Kong.

The US move is the sec shock for Hong Kong con nies this week. On Monday, consumer and labour gro announced a boycott of C nese-made toys for the Chr mas shopping period, alleg China uses child labour make them, Hong Kong companies rely on souths China for cheap labour, p haps employing 750,000 wo ers across the border,

Mr Warren Williams, p

deut of the US Chambe

Commerce in Hong Kong,

he hoped the US would to

minimise hurt to Hong K

Call for Sweden to back east European investment

By Robert Taylor in Stockholm

SWEDISH industry wants the country's new non-Socialist government to underwrite its new private investment projects in eastern and central from the Nordic countries ? Europe with at least Skr3bn (£283m) a year in credit guarantees until 1996.

The Federation of Swedish Industries said yesterday many companies were reluctant to invest in the area because of invest in the area because of its uncertain outlook. Investment protection accords should be made with the Swedish government to lessen the risks involved in developing trade links with the country's eastern neighbours, it added.

The federation wants the Swedish government to provide SKr1bn a year for five years in aid to central and eastern Europe. It points out

eastern Europe. It points out that Sweden has a good

displacement over 2,000 cc.

resource base for telecommu cations, transport, food dis

bution and processing. Until now, financial suppo not matched their ardour helping the newly-independe nations. Two years ago, t Swedish government launch a Skribn three-year aid pogramme, but is now prepari a new financial package help its small eastern nei

The federation wants improve economic growth the area through agreeme by Sweden's export credit guarantee board (BITS) contain an investment guaran clause. Industrialists fav Sweden negotiating free traccords between Efta Poland, Hungary, Czecho vakia and the Baltic states

NEWS IN BRIEF

Sharp fall in export of Japanese vehicles

JAPANESE exports of four-wheeled vehicles to Europe as US fell steeply in October, with sales to Germany alone play 41.6 per cent. Steven Butler reports from Tokyo.

Worldwide exports fell 7.1 per cent to 478,140 vehicles pared to a year ago. Although sales to the US, which fell i cent, have been sluggish for some time, sales to German been brisk. Exports to the European Community were deper cent. Exports of small cars were down 10.9 per cent. He Japanese car makers' invasion of the inxury market community with sales up 2.8 per cent to 118,580 units for cars with displacement over 2.000 cc.

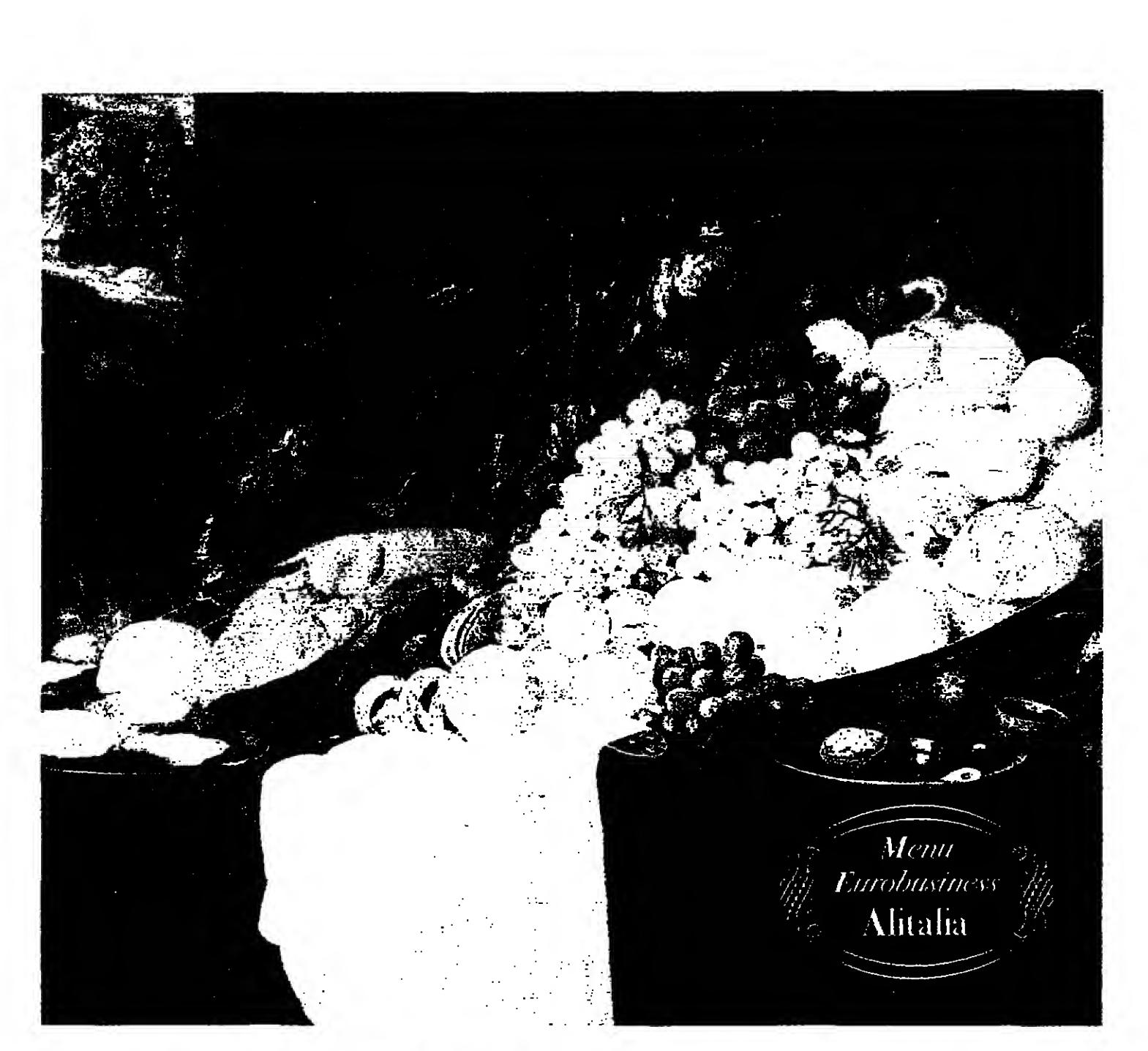
Air France plea on competition Air France, France's national airline, is not ready to factered competition from big US carriers and will need prote enable it to adapt, Mr Bernard Attali, the company's ch has warned, George Graham reports from Washington.
At the International Aviation Club in Washington Mccalled for an extension of the 1990 Franco-US aviation pact expire next October. Mr Attali said Air France was already

considerable transatiantic competition, with nine US expected to fly to France next year from 16 US gateways Great Belt drilling halted

MT Group, the contractor constructing the accident-promail tunnel under the Great Belt entrance to the Baltic, is drilling until a reassessment has been made of safety a Hilary Barnes reports from Copenhagen. The Group is Denmark's Monberg & Thorsen, Campenon Bernard and S of France, Dyckerhoff & Widman of Germany, and Kiew struction of the US. The group's decision has caused contion in ministerial and business circles. The DKr3.1bn (528) tunnel is part of a DKr19bn project to construct road a links between Sjaelland and Jutland.

Study into Sea of Japan cable

A feasibility study is to be carried out on the technic economic aspects of laying an optical fibre telecommunic cable across the Sea of Japan between Vladivostok on the sian Pacific coast, Japan and Korea, Hilary Barnes reports. The cable would mean a big increase in communications between eastern Russia and the rest of the world. The will be made by Denmark's Great Northern Telegraph Con and the Danish state's Telecom agency together with the telemunications agencies of Russia, Japan and Korea.



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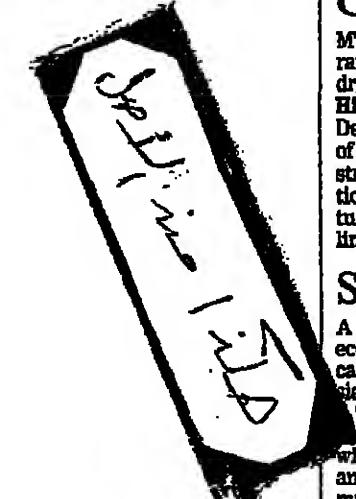
Whilst enjoying the meal, you'll be comforted by the last full year's statistics from the Association of European Airlines, which confirm that, in 1990, Alitalia was the most punctual airline in the European Community:

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Figures show drop in US consumer spending

By Michael Prowse in Washington

A FALL in US consumer spending last month indicated yesterday that sharply lower consumer confidence is affecting purchasing decisions and could herald a grim Christmas season for retailers.

Forecasters, however, remained uncertain whether the US economy is temporarily stalled or on the brink of another recession. The confusion was increased by other data — including a rise in orders for durable goods and sharply lower claims for unemployment insurance - that appeared to send a conflicting signal of economic resilience. However, these indicators were

heavily distorted. The Commerce Department said consumer spending fell 0.8 per cent last month, the big-gest drop since April. Financial markets had been expecting a slight rise in consumption, which accounts for two-thirds of economic activity. The personal savings rate rose, another sign of apprehension among consumers.

Personal income rose a marginal 0.2 per cent last month

but this reflected distortions, including a big increase in subsidies for farmers. Excluding special factors, it fell 0.1 per cent. Wage and salary income contracted.

New orders for durable goods rose 3 per cent last mouth, an apparent relief after revised declines of about 4 per cent in both August and September. However, the increase largely reflected a surge in orders for defence transport equipment, which is notoriously volatile on a monthly

Excluding transportation, orders rose only 0.1 per cent and were down nearly 6 per cent on an annual comparison. Orders for non-defence capital goods excluding aircraft to future capital investment trends - fell 1.9 per cent. initial claims for unemployment insurance, a closely fol-

lowed indicator of employment trends, fell 80,000 to 413,000 in

the week ending November 16, wiping out a sharp increase in the previous fortnight. How-

ever, the latest week's figures

quarter.

were distorted by the Veterans
Day holiday and probably did
not reflect the underlying

The four-week moving average for claims rose to 445,000, having drifted higher since July, when it reached a low of about 400,000. Many economists regard 450,000 as a break point: a sustained move above this level is seen as a sign of

 Balance of payments figures yesterday confirmed a sharp deterioration of the merchandise trade deficit in the third quarter. A 4 per cent increase in imports - mainly cars and consumer goods - pushed the deficit to \$20.5bn, compared with \$15.4bn in the second

sistent with a modest economic rebound in the third quarter, but do not contradict more recent evidence of economic stagnation. Exports increased by less than 1 per cent between the two quarters, indicating that overseas sales are unlikely to provide much stimulus for the stalled economy.

Brady: urged reform

By George Graham in Washington allow banks to open branches

Washington

bank reform

compromise on

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THE House of Representatives yesterday passed a bill to over-haul US banking regulations and to provide more money for bank deposit insurance, after a marathon nine-month legisla-

tive gestation. The compromise hill, finally hammered out after all-night talks between Senate and House negotiators, will bring some significant changes to the way bank supervisors handle weak banks. But it stymies almost completely the US Treasury's efforts to allow banks to expand into businesses such as insurance, stockbroking and

Caverswall,

important purchase.

NOTICE TO CREDITORS TO SEND CLAMS

THE BUSOLVENCY ACT 1986

LOGIC 2000 PLC

NOTICE IS HEREBY GIVEN that the creditors

on or before the 20 day of December 1991 to

send their names and addresses and the

eny, to Devid J Corney of CORK GULLY, at

Temple Row, Birmingham, B2 5JT, the

Rouldstor of the said company, and, if so required by notice in writing from the said

liquidator, or by their solicitors, in or person-

ally, to come in and prove their said debts or

dains at such time and place as shall be

specified in such notice, or in default thereof

hey will be excluded from the benefit of any

distribution made before such debts are

WELFORGE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to sec-

MEETING of the CREDITORS of the above-

remed company will be held at: Grand Hotel

Colmore Raw, Birmingham on 5 December

1991 at 10.00 em for the purposes mentioned in sections 99 to 701 of the said Act.

A list of the names and addresses of the

company's creditors may be inspected free

of charge at 43 Temple Row, Birmingham

B2 SJT between 19,00em and 6,00pm on 3 December 1991 and 4 December 1991.

tustin engineering lumited

NOTICE IS HEREBY GIVEN, pursuant to sec-

MEETING of the CREDITORS of the above-

nerned company will be held at: 43 Temple Now Birmingham B2 5JT on 2 December

1991 at 11.00mm for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected tres of charge at 43 Temple Row, Birmingham

BZ SJT between 10.00em and 5.00pm on 28

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EVE has outlived others due to policy of fair

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November 1991 and 29 November 1991.

DATED - 19 November 1991

By order of the Board

Director/Secretary

DATED - 18 November 1991

Director/Secretary

. . .

DATED this 20 day of November 1991

David J Comey

outside their home states, a move which the Treasury had argued could save the faltering banking industry as much as \$10bn a year in unnecessary administrative costs.

The heart of the bill, finally agreed by a Senate-House conference at 5.30 yesterday morning, is the recapitalisation of the insurance fund, managed by the Federal Deposit Insurance Corporation (FDIC). which guarantees US deposi-tors if their bank should fail. The bill provides:

• The bank insurance fund's line of credit at the Treasury It also kills a measure to will be increased to \$30hn from

Steel Fabrications (Lye) Limited

NOTICE IS HEREBY GIVEN, pursuent to sec-

tion 98 of the insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at Grand Hotel

Colengre Rose, Birmingham on 5 December

1991 at 11.20 am for the purposes mentioned

A ten of the number and addresses of the

company's creditors may be inspected free

of charge at: 43 Tempte Row, Birmingham

B2 5JT between 10.00em and 5.00pm on 5

SOVEREIGN COMPONENTS LIMITED

Nature of business: Manufacturer of electri-

Date of appointment of joint administrative

Name of person appointing the joint adminis-trative receivers: National Wastminster Bank

Devid John Corney and Ian Napier Certuth-

Notice of intended dividend

Date: 21 November 1001

in the matter of

THE INSOLVENCY ACT 1986

and in the matter of

M H TAYLOR (CIVI),

ENGREERING) LIMITED

December 1991 and 4 December 1991.

DATED - 18 November 1981

Registered number: 2225103

cal switch gear components Trade classification; 07

receivers: 19 November 1991

43 Temple Row

By order of the Board

n sections 99 to 101 of the seld Act.

\$5bn. These borrowings are to be repaid in 15 years out of insurance premiums paid by the banks.

• The fund may also borrow working capital up to 90 per cent of the value of its assets, which could increase its over all borrowings to \$70bn.

The bill also regulates the

way bank supervisors, including the Federal Reserve and the FDIC, must oversee the banking system and deal with

 Banks must be examined at least once a year, with a federal examination at least every other year. Well-capitalised institutions with assets of less than \$100m may be examined only every 18 months.

 Prompt intervention by regulators will be required if banks fall below specified capital adequacy levels. Undercapitalised banks will be prohibited from distributing dividends, paying unusually high interest rates or seeking brokered

• The FDIC will have to deal with failed banks in the cheapest possible way for the deposit insurance fund, and from 1995 will be prohibited from reimbursing uninsured deposits so curbing the "too big to fail" doctrine. A loophole is allowed, however, if the Treasury Secretary on the advice of the Fed determines that these rules would pose a grave risk to the

Virtually no attempt is made to limit the scope of deposit insurance, which many economists had argued was the single most important measure needed to prevent the costs of bank failures from escalating. Deposit insurance will still cover accounts of up to \$100,000. However, by combining accounts a family can easily protect up to \$1.4m. Over 75

per cent of US deposits are now • The FDIC may continue to reimburse foreign deposits, on which deposit insurance premiums are not currently assessed, but must recoup the cost by a levy on other banks with foreign deposits. This measure affects an estimated 150 US banks with around \$225bn of foreign deposits.

 The FDIC must devise a system for weighting deposit insurance premiums according to risk. Risk-based premiums should be in place by mid-1994. Eliminated from the bill are controversial proposal to limit the interest rate banks may charge on credit card bal-

ances, and a measure which

would have allowed "non-bank

banks" (financial service com-

panies which, unlike full banks, can be owned by commercial companies) to expand. But the bill will allow limited room for banks which by means of of a loophole in Delaware state law have started selling insurance to continue to do so. Insurance industry MOTICE IS HEREBY GIVEN that It is my lobbyists had fought to close Intention to declare a final dividend to unescured non preferential creditors of the above this loophole, which essentially named company. Craditors who have not yet benefits Citibank and Bankers

done so are required, on or before Friday 20 Trust. It will also allow the Fed December 1991 to send their proofs of debt for the attention of Robert Young at Cork to lend money directly to secu-Guilly, 43 Temple Row, Birmingham 82 5JT rities firms in emergencies, and, if so requested, to provide such further details or produce such dopumentary or such as a stock market crash. other evidence as may appear to the Squide-Treasury secretary Mr tor to be necessary. A creditor who has not proved his debt by the date specified will be Nicholas Brady was among excluded from the dividend. those who had called for urgent, fundamental banking Signed: Joint Liquidator

law reform.

AMERICAN NEWS

Middle America pushed to sharp end

Barbara Durr reports on how Peoria finds itself at the centre of an economic drama

PEORIA, deep in the US state of Illinois, has long been considered the quintessential middle American city. Fittingly, it is now the stage for a drama about the transformation of the

The plot is not unfamiliar, international competition pits a US company egainst a union that fights to keep jobs and the high standard of living it has traditionally brought its members.

But this time it has the makings of an epic struggle: the participants are Caterpillar, the world's largest maker of

earth-moving equipment, and the pow-erful United Auto Workers; and the ending will help shape not only the fate of Peoria but the direction of US labour

Caterpillar, the city's largest employer, is fighting over a new con-tract with the UAW. Since negotiations broke down this month, the dispute has brought a partial UAW strike of 2,400 workers, a company lock-out of 6,000 others, and lay-offs of 500 more. Now, both sides are so far apart that a total strike is possible and a return to the bargaining table is not expected for

While those affected are spread across three states, it is the people of Peoria who are most deeply worried Many still wince as they remember the pain of 1982, when the UAW waged the longest Caterpillar strike in its history and the city nearly went under. Thou-sands of jobs were lost as Caterpillar halved its workforce to 18,000, and the ensuing general downturn pushed local unemployment to more than 16 per cent. The slump, which lasted until 1986, was so deep that it prompted some 27,000 of Peoria's 340,000 residents to leave in a decade.

The city is again bracing itself for a siege, although local government offi-cials and business leaders bravely assert that Peorla is better prepared. After the 1982 calamity, says Mr James Maloof, Peoria's mayor and inde-fatigable booster, "This community woke up and said 'We can't let this happen again'." Peoria set about lessening its dependence on Caterpillar, diversifying its economy and adding more services, especially focusing on medical treatment centres, biotechnology and telemarketing. Its traditional three-to-



Caterpillar in action: losses have been accumulating on the company's balance sheet

one ratio of blue-collar to white-collar workers is now one-to-one, with increases in service industry jobs speeding change as advanced technology pared manufacturing employment.
As elsewhere in the Midwest, Peoria has fared relatively well through the latest US recession, thanks in part to exports of machinery such as Caterpillar's, but also to greater diversification. Yet, with losses accumulating on Caterpillar's balance sheet - it recently said fourth-quarter losses will exceed the \$86m (£48.5m) it lost in the first

nine months - and with strikers receiving only \$100 a week from the union, Peoria has the litters, and its apprehension seems warranted.

The dispute is shaping-up as a do-ordie battle, with both sides pouring in

formidable resources. The company, having geared up for the confrontation since the start of the year, is sitting on several months' worth of inventory, and

strike fund Central to the dispute is the concept of "pattern bargaining", the source of the UAW's strength. It is the union's traditional method of winning a set of

the union can draw on a fat \$800m

concessions from one employer in an industry and then applying them to others, as it has done for years with Detroit's big car markers.

The UAW wants Caterpillar to match the recent settlement won from Deere & Co, but management refuses, challenging the very idea of pattern bargaining. It argues that an agreement similar to

that at Deere, whose sales are not

nearly as international as Caterpillar's, will make it globally uncompetitive. It points out that its main competitor is

the Japanese company Komatsu, which is non-union. While the international competition argument may be compelling, Mr Donald Fites, Caterpillar chairman, has infuriated the union by suggesting that the gap between the wages of US and Mexican workers ought to narrow. Cat-erpillar is even disinclined to accept a company-wide contract: it wants sepa-rate settlements. It also wants to shift some of its health care costs, which last year rose 14 per cent to \$271m, to added

payments for bourly workers. Such a settlement would strip the union of power and spell trouble for negotiations elsewhere. "If the UAW makes Cat the exception, there'll be a lot more exceptions down the road," says Mr Tobias Levkovich, an analyst with Smith Barney, Harris Upham.

With so much at stake, neither side

appears willing to bend. But Peorians are hoping that the dispute will not seriously wound their community once more. They are keen to stay on the map, as a recent promotional coffee mug testifies. It reads: "London, Rome, Paris, Peoria."

ADVERTISEMENT

FUTURE BUSINESS STRATEGIES IN SOUTHERN AFRICA

Forty thousand tons of gold awaiting exploitation in South Africa

Julian Ogilvie Thompson, Chairman of Anglo American Corporation, talks to John Spira, Finance Editor of Johannesburg's Sunday Star.

Spira: As leader of South Africa's largest corporation. you no doubt have firm views on how the country is likely to evolve over the next few years. How, in broad terms, do you envisage this evolutionary process materialising?

Ogilvie Thompson: I'm glad you use the word "evolutionary", since that is precisely the form of transition which South Africa is experiencing toward a non-racial

democracy, despite the rapid pace of events. There have, of course, been difficulties, most notably the highly regrettable and unacceptable bouts of violence that have characterised the recent past. But beneath the apparent turmoil and political atmospherics there is a strong underlying momentum toward a new negotiated constitution

broadly acceptable to South Africans at large. Having succeeded in dismantling residual apartheid measures and removing what were perceived to be the obstacles to negotiation, the country is now poised to enter

more formal constitutional negotiations. This will be marked by the meeting of the Ali Party Conference this year, which all parties accept must agree a framework of constitutional principles - much of which is already agreed in a form recognisably democratic in

Western eyes. Though manoeuvring for advantage will characterise the relations between government and various other parties. agreement on transitional political rule is likely to be reached relatively early in 1992, enabling the constitutional

negotistions to proceed. It would be foolish to predict a timetable. Suffice it to say that all parties are aware that by 1994 they must have reached sufficient consensus to avoid having to hold another white election as required by the current constitution. A form of coalition government binding together the major parties appears desirable and inevitable during this period

and probably beyond. Spira: Do you believe that the ANC's pronouncements on pationalisation, a wealth tax and reneging on South Africa's foreign loan commitments should be taken

Ogilvie Thompson: They should be taken seriously to the extent that even as thetoric they have a negative impact on the essential economic underpinning required to ensure a

sustained process of democratisation. While ANC thinking on economic matters appears to have evolved considerably and to have begun to take into account the realities of the international economy of the 1990s, it is incumbent on other South Africans and foreigners alike

to keep driving home the implications of those realities for sound macro-economic policies. Part of this process is the demonstration by business and others that a long term growth-orientated strategy, combined

with affordable poverty alleviation programmes, is the only way to tackle the question of development and distribution. There are no quick fixes and the retention by any party of policies - such as the advocacy of sanctions - which constrain the urgently-required economic recovery simply cannot be tolerated.

Spira: Relations between the ANC and Cosatn on the one hand and the government and business on the other have been severely strained by the recent two-day strike to protest the introduction of value added tax. Can the rift thereby created be healed?

Ogilvie Thompson: These issues seem set to be debated within the proposed Economic Forum which all parties are agreed in principle should be set up to discuss jointly economic issues and policies.

Whether this Forum is formally part of the All Party Conference or not, its existence should in principle remove the need for damaging trials of strength.

Indeed, it should be observed that from business's perspective there was both sufficient agreement on the Forum and sufficient alternative forms of protest to have obviated the need for the November stay-away.

Spira: The mining industry has made discernible progress in the field of labour relations following several performance-related wage agreements. Do you think other industries will follow suit?

Oxilvie Thompson: Other industries will obviously be closely watching the experience of the innovative scheme

adopted by the mining industry this year. More important, however, will be success in breaking the inflation psychology which still seems prevalent in many sectors. Paradoxically, the gold industry was belped in the right direction by the gravity of its situation over the past couple of years.

Spira: As sanctions cromble, South Africa's trade opportunities are expanding. Let foreign investment has been conspicuous by its absence. What is the outlook?

Ogilvie Thompson: Investors will assess South Africa like any other country — opportunities and potential rewards set against risks.

In the former category, one can name South Africa as a gateway to Africa and the Indian Ocean Islands, excellent infrastructure, developed financial markets, management skills, good telecommunications, abundant raw materials

and a developing manufacturing sector. In the latter, one finds uncertainty over political and economic stability. While violence may grab the newspaper headlines, it is almost certainly the absence of certainty on the post-apartheid economic policy framework which causes

most investors to hesitate. Further, as domestic investors have been consistently saying to government, the country's investment climate, with

high taxes, high inflation, high interest rates and a high cost of capital, requires urgent policy action. South Africa simply has to do what all serious reforming governments are doing with their policy frameworks in order

to attract investment. Spira: Although the South African economy has been weaning itself from its former heavy dependence on gold, the metal remains an economic mainstay. Is the decline in the gold mining industry's fortunes likely to

be reversed in the foreseeable future?

Ogilvie Thompson: The industry's performance in recent quarters in meeting the cost squeeze has been most heartening. Additionally, the supply/demand equation is moving in a favourable direction, with jewellery offtake growing strongly and likely next year again to exceed total

new world production. An upgraded marketing programme by the World Gold Council is designed further to stimulate this process and will in due course have a positive impact on the gold price. This, in turn, will enable us and other mining houses to

develop fully those new projects already in the pipeline -such as Vaal Reef's Moab shaft - and cominue with high levels of exploration designed to bring to account some of the 40 000 tons of gold we know await exploitation in South

Spira: South Africa's doors to the rest of Africa are starting to open. How do you see such future relationships developing? Ogilvie Thompson: Trade with the rest of Africa has grown

steadily throughout the 1980s despite sanctions. While it is true that the lifting of sanctions and the establishing of diplomatic relations will present many new opportunities, the poor state of African economies and limited foreign



Julian Ogilvie Thompson

exchange will constrain growth in trade. However, barter deals and multi-lateral finance will be offsetting factors. Further, there are strong indications that South African expertise will be much in demand in World Bank and other agency-funded development projects throughout Africa.

Finally, there will be limited investment by South African companies, probably predominantly in Southern African countries (at least initially) and often in joint ventures with other multinationals or domestic entities.

Overall, steady but not spectacular progress can be expected, with progress to a common regional market requiring both time and sensible policy decisions.

Spira: Anglo American has been a leader in equal

opportunity and social upliftment programmes. Have

other employers followed its lead avidly enough? How much more can be achieved and how? Ogilvie Thompson: It is not for me to comment on what other South African companies do in these fields. Many

do a great deal and in our own case we are aware that we need to try even harder. In the area of equal opportunity there has to be unrelenting commitment by all levels of management, especially when

all the other challenges of the South African business environment — recessionary conditions, political and social instability and management shortages - provide constant In addition, reform of the educational system has to be

tackled concurrently. As yet, far too few black South Africans emerge with technical skills or mathematic and scientific passes to support an adequate performance in the area of equal opportunity. That's why our Chairman's Fund continues to support

primary, secondary and tertiary education, expending about 80 percent of its R50 million annual budget in these areas. To take this process further, AAC and De Beers and their associate companies have pledged R250 million over five years to the newly-constituted Private Sector Initiative, which will concentrate on initiatives designed to get the educational system more in tune with the needs of the world

of work. Overall, AAC and De Beers are now spending both in dividend percentage and in absolute monetary terms at the level of the very top British performers — the equivalent of 18 million pounds sterling a year and over 5 percent of

Spira: Will Angle American be expanding further on an international scale now that links between South Africa and the outside world are approaching a situation

Onlivie Thompson: We plan to expand both domestically and internationally, looking, like any world-class company,

for opportunities in our chosen fields wherever they might Exchange controls will constrain total freedom of action. but we have achieved a great deal over the years through profitable investment of foreign borrowings and plan to

continue in the future.

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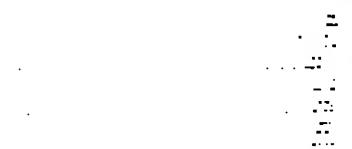
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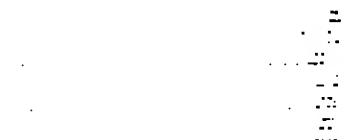


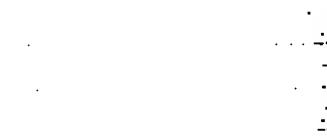


























































UK will not be forced into signing Emu treaty'

By Peter Norman and Charles Leadbeater

THE UK government will not be forced into signing unacceptable treaties on European economic, monetary and politi-cal union through worries that the pound could fall sharply on foreign exchange markets, Mr Norman Lamont, the chancellor of the exchequer, made

clear last night. But in an appearance before a House of Commons commit-tee, he stressed that whatever the outcome of next month's European Community summit in Maastricht, the government would stand by its commitment to keep sterling in its present fluctuation margins in the exchange rate mechanism of the European Monetary Sys-

He said that if the government reached agreement in Maastricht it would be because it was on terms advantageous "We would not make a deci-

sion just on the position of the pound in the currency markets", he said. Earlier, he had delivered a

moderately upbeat assessment of the current negotiations on

Although the current draft of the monetary union treaty was "far from perfect", the talks had moved more in the direction Britain wanted as they had become more detailed, he said.

"I do not wish to imply that we are home and dry. We are not," he said. "But I am hopeful that we will be able to get a deal at Maastricht that the prime minister will be able to

recommend to Parliament. At the committee meeting, Mr Lamont underlined that the government would not accept any agreement at Maastricht that committed the government to a single currency. Britain would only sign an agreement with an "opt-in"

clause, he said. He also said that nothing decided at Maastricht would justify holding a referendum. He said that if the government decided against taking sterling into economic and

monetary union, he could envisage "ERM type link" between the pound and the European currency unit.
Another alternative might be
to float the pound, although he
stressed that such decisions lay far in the future and it was difficult to see what might happen by 1998.

Mr Lamont was also pressed by MPs on the present state of the UK economy. He admitted that the recovery "was slow in coming" but added "I believe it

He rejected suggestions that he should give it an artificial stimulus or that recent disap-pointing economic indicators showed that monetary policy should be looser.

Slow monetary growth, a flat housing market and rising unemployment were signs that Britain had been through a difficult recession.

To give recovery a boost would "achieve nothing" and would risk throwing away what the government stood to gain he said.



BRITAIN IN

More troops to be sent to Ulster

An extra army battalion has been sent to Northern Ireland increasing the number of regu-lar British troops from 10,500 to more than 11,000. The decision to send the Gloucester-shire Regiment follows persistent calls from within the province for security reinforcements in response to a recent upsurge in sectarian killings. The move, announced by Mr

Tom King, detence secretary

during a visit to Armagh

comes almost a fortnight after

1,400 part-time members of the

locally-recruited Ulster

Defence Regiment were called

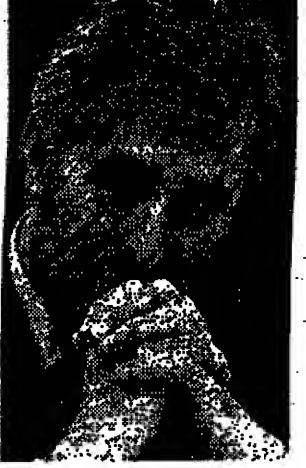
out for full-time duty to rein-

Support for **EC** treaty

force street patrols.

More than 70 per cent of the British public support the inclusion of a social dimension in the new European Community Treaty according to a survey conducted for the Trades Union Congress. The TUC is at odds with the government on this issue with the latter fighting to prevent any extension of qualified majority voting in EC social legislation.

Banham to take new post



retiring director general, (pictured above) is set to become one of the most powerful figures in local government as chairman of the Local Government Commission which should be set up next summer. The commission is the brainchild of Mr Michael Heseltine, environment secretary, who is regarded as a close friend and

political ally of Mr Banham. The commission will conduct a far reaching review of the structure of local government to assess whether the two tier system of county and district councils should be streamlined and the councils' honndaries revised.

Welsh roads to be improved

The government is spending £195m on roads in Wales during the financial year 1992-3, a rise of £26m over the current year. This means a start will be made on the last stage of the M4 motorway.

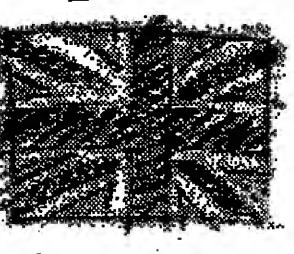
Large rise in student figures The number of full-time students at polytechnics has risen by 16 per cent this year says the polytechnics' funding council. Mr Kenneth Clarke, education secretary, welcomed the figures as "encouraging evidence that the government's policies, aimed at giv-

ing more opportunities to young people to receive higher education, are being completely successful". However, other figures released show that graduate unemployment has also risen sharply in the past year, with former polytechnic students

faring worse than their university counterparts.

increase

Lord Donaldson, a senior



Bibles (pictured above) w sold for £1.1m at Christie's London to the New Yo dealer H.P. Kraus. Known the Spencer-Liverpool 36-li Bible it was printed in Baberg, Bavaria in the late 145 using type cast from matric struck in the workshop Gütenberg, who printed t first Bible. The book had be owned by Lord Liverpoo prime minister in the ear 19th century.

Young criticise

A series of shortcomings in t government's sale of the Rov car group to British Aerospa has been disclosed in a dam ing report by a Commons co: mittee. The Public Accoun Committee, which monito public spending, criticis implicitly Lord Young, the fe mer trade and industry seco tary, for failing to obtain val for money in the £150m de Re-opening the controver over the 1988 sale, MPs list "main lessons" to be learnt future sales of public asse and calls on the Treasury revise its guidance on priva

Problems over rivers break-up

The break-up of the Nation: Rivers Authority to form pa of the government's propose national environment agenc would lead to serious manag rial problems. Lord Crickhov ell, chairman of the NRA ha warned. He told a Common environment committee the he would also face problem from his own staff, who won! face a massive upheaval on two years after the authoris

had been recruited by the tin

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BROADCASTING Radio watchdog to investigate

London station By Raymond Snoddy in London

and Kevin Brown in Sydney

LBC, one of London's leading commercial radio station's, is likely to be investigated by the Radio Authority, the industry's watchdog, following serious losses by its overseas shareholders and allegations that it breached regulations by failing to keep a complete record of

airtime transmissions The allegations - contained in a dossier compiled by the NUJ media union on LBC's owners, Crown Communications - focus on the financial stability of LBC's largest shareholder Aspermont, an Australian company which reported a net loss of AS12.9m in the year

to June 1991. Investigators are also expected to examine the output of Independent Radio News, the national news service for commercial radio in which Crown Communications has a 40 per

cent stake. The future financial stability of Crown and its ability to provide the necessary funds for a quality news service are being questioned following revelations that Aspermont, the company's largest shareholder, made a loss in each of the last two years and KPMG Peat Marwick qualified its latest

accounts because liabilities

exceeded assets by A\$41.5m. Borrowing facilities have been extended until the end of July next year conditional on significant debt reduction. Aspermont shares were trading

at 13 cents earlier this week. Concern at the performance of the Melbourne-registered company has grown because analysts fear it could cut spending by subsidiaries with stakes in European broadcasting companies.

Aspermont has two subsidiaries - Darling Downs TV and Laser Lab, a loss-making engineering company with interests in Germany and the US. Darling Downs owns 27.42 per cent of Crown Communications Group, which in turn owns 100 per cent of Crown Radio, which owns LBC, Independent Radio Sales, and 35 per cent of RFM, the French commercial radio network. Shares in Darling Downs TV have dropped from A\$7.20 in

In the UK meanwhile, Crown Communications has been badly hit by recession but LBC's listening figures have been rising and debt has been reduced to around £12m after disposals and a £4.8m rights

October 1988 to 28 cents this



Under pressure: LBC, broadcast from studios in London (above), is facing an inquiry by the Radio Authority

issue. The company has also made a £13m investment in a 35 per cent stake in RFM. A number of other commercial radio stations in Britain have urged the Radio Authority to also examine Newslink, the organisation through which UK stations fund Independent Radio News (IRN). Mr Jimmy Gordon, chairman

of the Radio Clyde group said

he wanted a clearer distinction

in future between LBC and

The dossier sent to the Radio Authority by Mr John Foster of the National Union of Journalists (NUJ) includes confidential documents on Newslink and IRN including minutes of board meetings.

It alleges that in recent months the master recording required by broadcasting legislation has been often interrupted to "lift" material for promotional tapes or to

retrieve lively exchanges. In the past radio stations which did not keep a full record of their broadcasts have been fined by the regulators.

The dossier includes a message from Mr David Johnston,

news editor of Radio Forth in Scotland complaining about the quality of the IRN service. "The truth is that IRN is so desperately understaffed you are unable to provide credible coverage of anything beyond

voicing up PA [the domestic news agency]. The NUJ document was produced after around 100 redundancies at Crown and the company decided to de-recognise the union and introduce individual contracts. It says that if Aspermont were to collapse "the repercussions for LBC/

Crown Communications

IRN are profound." declined to comment last

Eurotunnel claims court victory over contractors

By Andrew Taylor, Construction Correspondent

EUROTUNNEL, the Channel tunnel operator, last night claimed a High Court victory in its battle to prevent contractors from carrying out their threat to halt work on part of

the £3bn project. Transmanche Link, a consortium of five British and five French construction companies contracted to design and build the rail tunnel under the Channel, had threatened to stop work on installing a cooling system in the tunnel unless it

was paid more for the job. The consortium had asked the court to dismiss Eurotunnel's application for an injunction to prevent the contractors from carrying out their threat.

Mr Justice Anthony Evans, in a private judgment in the Commercial Court in central London, yesterday dismissed the application by Transmanche to suspend the proccedings and awarded costs to

He said Transmanche had given an undertaking not to halt work on the cooling system without giving 14 days' notice to Eurotunnel He did not think it necessary to grant an injunction at this

stage but gave Eurotunnel

leave to return to the court if

notice of stoppage was received from Transmanche. Eurotunnel, commenting on the judgment yesterday, said: "This is all we needed." Transmanche was expected to

The contractors are locked in a row with Eurotunnel over which should pay for a huge increase in the cost of the construction project, which has risen since 1987 from £4.8bn to

Transmanche is claiming extra payments of up to £800m at 1985 prices, including a £160m additional management fee, to cover the increased cost of fitting out the rail tunnels, including the installation of the cooling system, and building two passenger terminals at Folkestone, Kent, and Sangatte, near Calais in northern

France. The contractors say the cooling system was not included in the original design for the proj-

Labour backs moves to European integration

By Ivo Dawnay, Political Correspondent

THE leadership of Britain's opposition Labour party completed its high-wire act on Europe yesterday by winning approval from the ruling for a delicately balanced statement on political union. The policy paper marks the conclusion of an eight year turnabout from advocacy of British withdrawal from the

European Community to guarded backing for further The document advocates the

development of political

accountability within the EC. before making it clear that "the pace of change... will require constant reappraisal of the way in which the Commu-

Far from federalist in tone, it emphasises that the inevitability of Community enlargement will require a major review of existing institutions and their inter-relationship In the so-called "deeper ver-

sus wider" debate between those advocating further close integration of the 12 before an enlargement of the Commu-

nity. Labour appears determined that the priority should be put on speedy territorial expansion.

Similarly, the policy paper re of the government by defending Britain's view that certain aspects of Community activity, such as foreign policy and defence, should continue to be conducted at inter-governmental level

Several other EC socialist parties, not least France, reject this analysis, arguing instead that the EC should be pressing

ahead with a defence and security structure increasingly independent of Nato and the Atlantic alliance. Equally cautiously, it reiter-

creation of a European "superstate" arguing for the maximum application of the principle of subsidiarity, by which power is devolved downwards to the lowest appropriate level of decision-making.

One unexpected paragraph calls for the creation of a new body "created to represent the regional voice in the commu-

nity" to be included in the treaty - a proposal not hitherto envisaged in drafts currently under consideration. Elsewhere, the document decisions. It supports: Qualified majority voting at

the Council of ministers on social and environmental More powers for the European Parliament over the Commission

 the promotion of the Social Charter of employment and workplace rights.

Ministers criticised over trading law By Raiph Atkins, Neil Buckley and John Thornhill Mr Alan Baldwin, the execu-Officials indicated that even



RETAILERS and local authorities united yesterday in criticising the UK government for not adopting a clear approach on Sunday trading as ministers announced that no action would be taken against supermarkets which flout the existing Sunday trading laws.
Mrs Angela Rumbold, home office minister, gave only a mild rebuke to shops planning seven-day trading in the run-up to Christmas. She refused to go further than saying she "did not condone" the plans of leading supermarkets - despite calls from Labour and Tory MPs for her to insist on the rule of law.

tive secretary of the National Chamber of Trade which represents many independent retailers. said: "Our view is that the government is being two-faced about it all. We have the home secretary saying people must obey the law and pay the poll tax but now he is turning a blind eye to Sunday trading. The government hopes to reform the 1950 Shops Act next year, Mrs Rumbold said. But. since the Commons rejected a shop hours reform bill six years ago, no workable, enforceable and acceptable compromise has yet been

an early rise in the present £1,000 maximum fine appears to have been ruled out. Her statement, amid angry scenes in the House of Commons, re-opened dramatically the divisions in the main political parties over Sunday trading and highlighted the legal confusion which has erupted since Tesco led the way in declaring it would be opening from this

J. Sainsbury, the grocery chain, was among several other leading retailers which yesterday joined the ranks of those preparing to open their stores on Sundays in Decem-

Sir Patrick Mayhew, attorney general, told MPs that he had decided not to intervene in the dispute, saying it was the primary responsibility of local authorities to enforce Sunday trading laws. He acknowledged that the

uncertainty over cases currently before the European Court had impeded the ability of councils to win infunctions against law-breakers. The court is expected to rule early next year on whether British law is compatible with free trade articles in the Treaty of Rome.

Editorial Comment, Page 12

Jobs lost as inflation Economists urge government in Europe converges to support monetary union

By Peter Norman, Economics Correspondent

ment it should make a clear decision and give full support to economic and monetary

the National Institute of Economic and Social Research. said Britain had to ask itself how far it needed to preserve its ability to conduct an economic policy independent of, and different from, that of the rest of Europe.

be gained from a reluctant and half-hearted involvement. "The best outcome now would be a clear decision from the UK government giving full support to economic and monetary union," it said.

The institute has argued for

some time that a European

central banking system will

Britain than an independent monetary policy. In its review, it notes with evident approval that the economic union currently being negotiated "is characterised by

non-intervention" and that economic policy action at the centre will be kept to a minimum. Its report says that the treaties to be signed at the Maastricht summit will leave important questions undecided. Although the impression is given of a set timetable leading

to a clear objective "in practice no-one can know how events will shape themselves even a The institute says that economic union will be very heterogeneous in character and

mon economic policy on coun-

tries that want to go their own The institute is concerned, however, that the draft treaty contains no clear account of how the community could act together to offset Europe-wide

ocoms and slumps "Perhaps it will be best for finance ministers to set fiscal policy in each member state. with just a friendly exchange of views as to how their decisions affect each other at the level of the community as a whole," it said. The institute said it expects

unemployment will rise to around 10 per cent of the working population or just under 2.8m, compared with 2.47m in October. Such an increase would represent a marked slowdown in the growth rate of unemployment compared with the 800,000 jump in Britain's jobless total between the first half of last year and the third quarter of 1991.

Court delays

judge, has warned that delaysin the hearing of appeals in civil cases are worsening despite efforts to speed up the process. The elimination of court delays was a "pipe dream", Lord Donaldson said, but he hoped serious consideration would be given to increasing the number of appeal court judges and to improving the system for dismissing hopeless cases.



fetches £1.1m One of the earliest print

on Rover sale

sation "best practice"

Industry backs campaign

was established.

Opportunity 2000, the high-pr file campaign to improve th position of women in the wor force, launched last month, h: now recruited the majority government departments ar is likely to sign up substanti numbers of new companie throughout industry over th coming weeks. 61 companie

Across the Atlantic

Stay just seven nights at London's finest hotels and receive a free round trip British Airways.

Stafford or Dukes Hotel at British Airways. Applications and browhure

Good health BUPA Company Health Services

ary surge in the newly united ect and that money provided by Eurotunnel to pay for its apparent degree of converinstallation was insufficient. gence. Germany's annual Negotiations are continuing inflation rate has risen from between the two sides to try to resolve the row over responsibility for the substantial rise in

mechanism have narrowed dramatically over the 1980s. But the process is not yet com-France, Belgium, Denmark and Ireland have all brought their inflation rates down to close to German levels after experiencing high inflation rates at the beginning of the result, their international 1980s. But the recent inflationcompetitiveness has deterio-

CONVERGENCE of inflation

rates in Europe is occuring,

but at the cost of high unem-

ployment according to an

Consumer price inflation dif-

article in the latest National

ferentials among members of

the European exchange rate

Institute Economic Review.

By Edward Balls

around zero in 1986-7 towards i per cent this year. But nominal convergence has been bought at the cost of

Germany has exaggerated the

substantially higher unemployment as a result of the deflationary monetary and fiscal policies that have been necessary to keep inflation down. Countries that have not attempted to converge -Greece and Portugal - have

lower unemployment. The authors estimate that inflation convergence has so far cost 700,000 jobs in France and a million jobs in Italy. The UK, Spain and Italy have found it more difficult to control wage and price inflation, the paper argues. As a

experienced substantially

rated in recent years. Nor have long-term interest rates in these three countries converged on those in the low inflation countries. This suggests that financial markets expect their future short rates to remain higher than those in

Germany.

ONE of Britain's leading achieve better results for economic research institutes yesterday told the UK govern-

union (Emu) in Europe. In its latest quarterly review,

"The option of being completely independent is already in effect closed off. Little would

year or two ahead."

bound to change as more countries become members of the European Community. As a result it will sometimes be impossible to impose a com-



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CINEMA

All eyes on blind cruelty

more poignant than on a movie screen. Hundreds of pairs of perfectly focused eyes - the audience's - converge on a single victim of sightlessness. The blind beggar in Los Olvidados, the heroines of Peeping Tom or Wait Until Dark, the young photographer in this week's Australian film Proof: they all share one thing. The familiar responses to blindness, from compassionate understanding to condescension or impatience, are writ large by the Olympian relation-ship of seeing filmgoer to unseeing character.

Proof, a superb writing-directing debut by Jocelyn Moorhouse, turns a young blind man's relationship with two friends into a moral power game. It is Cinema of Cruelty, but edged with humour and a muscular compassion.

When Martin (Hugo Weaving) lost his sight as a child. he lost his trust in other people. Flashbacks etch in his disillusignment with Mum, who used to voice "lying" descriptions of the garden view from his bedroom window. Today Martin tests the trustfulness of others voung restaurant worker Andy or Martin's lovestruck but spiteful helper Celia - by taking photographs and asking them to describe what they

Final verification is impossible. All Martin can do is weigh different versions and try to deduce who is lying. Here, for instance, are the snaps he took in the park. Was Celia there when his dog briefly "disappeared"? Was Andy with her? Was the dog being cruelly held back by one of them? The simple questions breed deeper questions. Is Andy in league with Celia? Is Andy in love with Celia? Is Andy ...?

At best Proof takes on the droll, tragic nihilism of a Beckett play, spiralling from quotidian exasperations to cosmic despair. Film-maker Moorhouse surrounds her hero with friends of the who-needs-enemies variety. Andy is lumpy and lazy if goodhearted, Celia is a suburban ball of spite who carefully, quietly strews furniture in the blind man's path. But the cruellest character of all may be Martin himself Sightless, he is also tearless. He has groomed himself for

impassivity. Unseeing, he whirs with sensory or supersensory alternatives: a human ESP machine intolerant of short attention spans (Andy) or of long-nurtured adoration (Celia). Martin is cruel because he has learned how to function. He even knows how a blind man can get served in a snooty Italian restaurant. over the tablecloth until the waiter rushes up with a cloth. a salvo of "Mamma mias" and an ordering pad. We can all learn things from the disadvan-

In Sean Penn's The Indian Runner the blind lead the blind and the one-eyed movie camera is king. Writing-directing debuts by former brat-pack actors once married to famous rock stars sound like brochures for Hell. But Penn on this showing is a natural. His camera eye darts straight to the essentials in this tale of a Bad Brother (Viggo Mortensen) returning from Vietnam to lay waste the lives of his Good Brother (David Morse) and his

small-town Oregon family. Mortensen is a devil-driven wastrel who taunts failed farmer turned cop Morse with Morse's small-time ambitions: who makes life hell for the blonde gamine he marries and makes pregnant (Patricia Arquette); and who provides one more sound reason for despair-prone Pop (Charles Bronson) to blow his brains out with a hunting rifle.

It could have been Eugene O'Neill with mangel-wurzels. It ends up like Rebel Without A Cause spiked with Strindberg: a family crack-up tale given a passionate pessimism by Penn's slangy-downbeat dialogue and mobile camera. Scenes that might have been portentous never are: the tragedy-triggering shooting of a speed violator by Morse, the death of Bronson (harrowing in its fly-buzzed drabness) or the rampaging mysticism of Mor-tensen's dialogue after a drink or two. "Independent of time and space," he burbles, rehashing Red Indian philosophy in a midnight comfield, "the Far from being a pompous



aside, this scene and line are

Hugo Weaving in 'Proof'

PROOF Jocelyn Moorhouse

THE INDIAN RUNNER Sean Penn

> HOT SHOTS Jim Abrahams

VALMONT Milos Forman

ENCHANTED APRIL Mike Newell

IRON MAZE Hiroaki Yoshida

Indian Runner is about hardening arteries in the America Dream: about how the country's formative energisers (Mortensen) can now only dream themselves into violent guardians of law (Morse) rue the loss of passion and adventure. Civilisation has its price: pioneer romance has its sell-by

The three-man team who brought us Airplane! have never stopped bringing us things ever since. After Jerry Zucker's Ghost and David Zucker's The Naked Gun 21/4, here comes Jim Abrahams' Hot

Quite hot, but not sizzling. A Top Gun spoof transplanted to a thinly disguised Gulf War (Saddam H gets a nuclear bomb in his lan as he sits by a hotel pool), the film alternately simmers and spits. The best jokes hit one straight in the eye: valet aircraft parking on the US carrier, hero Charlie Sheen daydreaming himself as an accident-prope Rhett Butler, and every scene involving Lloyd Bridges as an eccentric

whose sun-squeezed

squint is the outward and visi-ble sign of his intellectual myopia. (He likes also tutus.) Elsewhere, this is easy, affable fun which could be postponed until video release when stop-start viewing might enhance enjoy-

Nigel Andrews

It is hard to believe that Milos Forman's Valmont is based on the same Laclos novel as Stephen Frears' Dangerous Liaisons. Where Frears used this ocuvre to create a cynical, claustrophobic movie, Forman has combined large-scale visuals with full-blooded characterisations to make for a more accessible and enjoyable film. For those who don't know the story, it follows the seducer Valmont (Colin Firth) as he pursues a virtuous married woman (Meg Tilly), spurred on in his efforts by a devilish widow (Annette Bening). What begins as a seemingly harmless game of seduction soon turns tragic as the players are caught out by their own deceitfulness and amorality. To tell this tale, Frears employed a wordy script with strident per-formances by John Malkovich and Glenn Close, whereas Forman chooses a more human approach, letting his characters be motivated by real events rather than abstract concepts. Not surprisingly, this allows for some fine performances, especially from Firth and the astonishing Bening, who is quickly establishing herself as one of the stronges screen presences of her generation. Viewers who were bowled over by Frears' nervy cynicism might be disappointed, but those who like a little more flesh and blood to their tragedy

should be well satisfied. Much less dangerous relationships an be found in Enchanted April, a gently perceptive story of four English women who flee London and its complications for a month's stay in Italy in the early 1920s. The women - a flaky idealist (Josie Lawrence), a melancholy saint (Miranda Richardson), a poor little rich girl (Polly Walker) and a tough old war horse (Joan Plowright) start off at odds with one another, but are soon won over by the idyllie Italian countryside, providing each other with the strength to deal with the various men who follow them to their retreat. Although the plot smacks a bit heavily of Forster, director Mike Newell and his talented cast bring enough subtlety and grace to the project

to make it a cut above the nor-

mal Brits-abroad film. There is a much less happy traveller at the centre of Iron Maze, the story of a young Japanese tycoon (Hiroaki Murak ami) who is grievously assaulted soon after arriving in a Pennsylvania steel town and announcing his plans to turn the decrepit mill into an amusement park. An unemployed steel worker (Jeff Fahey) confesses to the crime though the local sheriff thinks there is more to the story than meets the eye. His plodding investigations soon involve the tycoon's American wife (Bridget Fonda). Though based upon the same short story Kurosawa used for Rashomon, Iron Maze never comes close to that earlier film's labyrinthine brilliance. Director Hiroaki Yoshida's overly slow style and clumsiness with flashbacks keep the viewer at a distance, and to make matters worse, it becomes clear whodunit at about the halfway mark. Some mazes are easier to get through

Stephen Amidon

than others.



Katie Behean and Clare Lawrence

The Bright and Bold Design

THE PIT, BARBICAN

Peter Whelan's new play is full of poetry, politics and plates. Set in the Potteries in 1935 shortly before the general election of that year - The Bright and Bold Design contains many other pleasures besides. The hand-painting of the plates, cups and saucers is largely women's work, though the plant is owned by a man, Hector Brabant, whose father owned it before him and probably his grandfather before that. This is a time of relative depression, low wages and shrinking markets. Hector, played by Paul Webster, is a conservative when it comes to design: he likes his plates to be decorated with tulips and Michaelmas daisies. The revolution of a kind occurs when he introduces a new designer. Jim Rhys, who not only has

work force. Not the least of the play's delights is the search for new patterns: saxophones, ocean

ideas of his own, but develops

the latent talent of the female

liners and even, in a touch of socialist realism, pylons begin to compete with the flowers. Another is when a boy apprentice seeks a job among the women: "This is women's work." they say, but he gets the job on merit. His initiation is to be obliged to kiss the whole lot of them.

Rhys, however, is not just a new school designer. He is a member of the Labour Party with a dog called Mark. He does not just read the Manchester Guardian; he writes letters to it, which of course bring his politics to the attention of the local bosses.

The essence of the plot is the way Rhys brings out the artist in Jessie Frost, one of the women workers who also paints in her own right. There is no affair between them. though the attraction is plainly mutual. Where Rhys goes too far is in believing that because Jessie is talented she must

their vote once they have it" They must vote Labour to show that Stoke on Trent is "not where the mugs come from".

The piece is not without irony. Rhys is in favour of hunting and shooting wood pigeons "because they lack a sense of social purpose", but he does it with a pistol and refuses to get dressed up for the ritual. "Changing the world with our tea-sets" means selling them cheap to working people, which means cutting the workers' wages.

Rhys is splendidly played as a great hunk of man by Clive Russell: the more tortured Jessie with equal skill by Katle Behean.

This is the third Whelan work to be shown at The Pit and he is still developing. Direction is by Bill Alexander with some wonderful potters' designs by Kit Surrey.

therefore be a socialist. Malcolm Rutherford "Women should not waste Roses and Revolutions

QUEEN ELIZABETH HALL

Hans Werner Henze passed his 65th birthday in July and the London Sinfonletta, ever faithful to those senior figures who have provided the staples of their repertory for more than 20 years, is marking the event with a three-concert celebration, "Roses and Revolutions". The series began on Tuesday with a complete performance of the evening-long Voices, which Henze wrote for the Sin-

fonletta in 1973. Voices is Henze's songbook: settings of 22 poems for mezzo-soprano, tenor and 15 instrumentalists, written at the height of his political engagement and drawing on a bewildering range of literary sources. Alongside the "classic" texts by Heine and Brecht there are anti-Vietnam protests by Erich Fried, black-power anthems, revolutionary celebrations by Miguel Barnet and Hans Magnus Enzensberger: Henze matches them all with the breadth of style that has

been both the strength and weakness of his music throughout his career.

At the core of the cycle is a

nomage to the songs of Well. Eisler and Dessau; Henze borrows their idiom for some of the most searching moments in the cycle. But elsewhere he offers a tour of his own multivoiced language: there are numbers that rekindle the easy Italianate lyricism of his music of the late 1950s, others that descend into the agit-prop expressionism of a decade later, yet more that make affectionate parodies of popular styles. It is music of marvellous surprise and sharp piercing beauty which, given the very sharp historical and political focus of the texts, dates very little. There is a persuasive argument that Henze's development has always been too undisciplined to produce a string of great works, but of all his music of the last 20 years Voices is his closest approach

to that masterpiece.

When it was new, the cycle

was very much a Sinfonietta party piece. The score requires the instrumentalists to double on a host of exotica: the clarinettist plays a lotus flute, the flautist an ocarina; the oboist is required to tackle a mouth organ and the first violin a mandolin: at one point the male players form a crooning chorus to underpin a tenor solo. There seems much less panache in the orchestra's versatility these days, and indeed this performance had far less instrumental personality than one instinctively expects from their concerts. Oliver Knussen conducted with great care and control: the excellent soloists were Fiona Kimm, seductive. scarifying, imploring by turn, and Nigel Robson, favouring easy intimacy over vocal weight.

Dublin honours its writers

What is brownish in colour, decorated with dogs and deer, and looks like a piece of tapestry gone astray? Answer: James Joyce's waistcoat. Or rather a waistcoat made by Joyce's grandmother for his father, later worn by the writer himself. This unusual garment, together with a collection of memorabilia ranging from pipes and spectacles to typewriters - lots of typewriters is to be found in the splendid new Writers' Museum in Parnell Square North, Dublin. My The museum is more than a mere collection of souvenirs, though. It is a serious attempt to recount Dublin's literary history in brief, and a forum for the literary minded of today; it is also a magnificent building, which, like so many of the Georgian masterpieces of the city, has been rescued in the nick of time from the vandalism of neglect.

It. and the Writers' Centre which adjoins it, until 1980 housed the College of Marketing and Design. They stood empty, slowly decaying, for five years; the original 18th century fireplaces were stolen. But what remained was still restorable: fine. Adam-style ceilings, plasterwork by Michael Stapleton, and a refurbishing by Alfred Darbyshire in the late 19th century which endowed the house with some anachronisms - like stainedglass windows with figures representing Music, Literature, Art and Science on the stairwell - but also gave it a striking first-floor salon with a colonnade and a frieze and ceiling of almost tropical exuberance. After a two-year programme of restoration the building was opened last week by Irish Prime Minister Charles Haughey.

Examining the display cases devoted to Swift, to the 18th century dramatists, to Maria Edgeworth and Tom Moore

and Bram ("Dracula") Stoker, above all to the glory days of the late 19th and early 20th centuries, I find myself pondering yet again: why Ireland? and why Dublin? Does the museum give us any clues to that? Not directly, I think. The best any museum can do is illustrate; it can hardly explain. But a disproportionate number of the writers whose portraits look out at us were lavish with words: an Irish peculiarity.

Whatever the reason, the country and its capital have more than their share of good writers and not a few less good: Pat Seager, the museum's first director, told me that one Dubliner in ten can be expected to produce some sort of book in his lifetime. It is also well-known that the place is swarming with writers who do not actually put pen to

From all of which it is clear that the Writers' Museum will not lack either for subject-matter or for clientele - especially since it has a bar, a coffeeroom and a restaurant. In addition to the permanent exhibition, there will be a non-stop programme of occasional shows devoted to writers not in the top league but interesting nevertheless, plus others feat uring writers from other countries: Gunter Grass has just opened an exhibition of his own graphics about Calcutta. Financially, it is not exagger ation to say that the museum

owes its existence to the EC Structural Fund, which provided I£1.8m out of I£2.3m cost. The fact that it is a Dublin, not a national, institution means that it must pay for itself within the next two years. There will have to be 100,000 annual visitors if it is to survive. I think it will reach the target easily.

Victor Price

Pygmies in the Ruins LYRIC THEATRE, BELFAST

Ron Hutchinson has managed - almost - to write a play about Belfast which is more than liberal hand ringing and plaintive breast beating. Of course there is a "why, oh, why" flow to it, lines like "the crack [the local blarney] stops us from feeling", but this successor to his acclaimed The Rat in the Skull offers a serious historical study of the suffering city within the popular for-mat of the whodunit, and without the bludgeoning finale that "we are all to blame"

Washburn (Sean Scanlan) is a contemporary police photographer who gets traumatised by the death - IRA execution or suicide? - of a young Catholic. Mulcahy (Harry Towb) is a successful Victorian doctor puzzled by the body of a poor servant girl from West of the Bann discovered on a building site - again, suicide or murder? Their investigations upset the status quo of the times and threaten the careers of both

In the first act the 1991 and the 1871 plots are pursued through parallel scenes. In the second act the audience accepts a surrealist leap when Mulcahy fast-forwards and suggests to Washburn that they join forces in their search for truth. As Washburn takes him on a tour of modern Belfast he is aghast that this city, which in optimistic 1871 seemed to offer Ireland the way out of priest ridden obscurantism. should remain squalid and Andrew Clements | divided, its great opportunities

squandered by feuding There is something here for realists and romantics; is it all happening in Washburn's battered brain, or is it a philosophical search for the soul of Ulster? Then Hutchinson gets over-clever and stereotyped images fly thick and fast - a brutal police interrogation; the temptation of leaving for safety

abroad - as an exile or an emigrant?; even that celtic canard about a mystically doomed plot of land. Of course it is the dead at the impressive finale who spell out the uncomfortable truths. But if the messages outstretch the format. Pugmies in the Ruins is shot through with dramatic images: in particular, a scene where children pose as classical virtues while the Vic-

torians bicker over the conflict between commerce and truth as they plan the decoration of another grand bank; and the tableau of the young man, shot dead on the sofa in front of the television, being offered a cup of tea by his catatonic mother. It seems hard to write a play about Belfast without hauling

in a century or more of history. To an outsider this is a stark moving drama totally rooted in time and place, but of compelling general interest. Koln O'Callaghan directs a committed cast on a sparse set at the back of which stretches a bleak wall scarred by a crack. By the end the crack has widened

Antony Thorncroft

INTERNATIONAL TODAY'S EVENTS

BERLIN Deutsche Oper 20,00 Peter

Schaufusa's production of Giselle. also Sat Tomorrow: L'elistr d'amore. Sun: Don Giovanni (West Beriln 3410 249) Schausplethaus 20.00 Hans-Peter Frank conducts the Berlin Sinfonietta In an all-Mozart programme, with Magdalena Hajossyova soprano soloist Tomorrow and Sat Claudio Abbado conducts the Berlin Philharmonic Orchestra In Strauss' Tod und Verkiarung and Bruckner's Fourth Symphony (East Berlin 2272 261)

BONN

Oper 20.00 Dennis Russeli Davies conducts Jean-Claude Riber's production of Die Zauberflöte, with a cast including Matthias Hölle, Paul Frey, Helien Kwon and Angela Maria Blasi. Sun: Hans Graf conducts revival of Riber's staging of Don Glovanni. There are no turther opera performances tili Dec 7 (7736 667)

■ BUDAPEST

The State Opera repertory includes a ballet evening tomorrow (Anna

Karenina) and Donizetti's Anna Bolena on Sat. The Erkel Theatre has Hungarian-language performances of L'elisir d'amore tonight and La Gloconda on Sat. Tonight at the Academy of Music. the Symphony Orchestra of the Liszt College of Music gives a concert of works by Mendelssohn, Bruch and Beethoven. Tomorrow at the Bartok Memorial House (Cealan ut 29), the Bartok Quartet plays string quartets by Mozart. On Sat, the Budapest Strings give a concert at the Obuda Social Circle (Kiskorona ut 7). Pre-booking for concerts at the National Philharmonic Booking Office (Vorosmarty ter 1) and for opera at the Central Theatre Booking Office (Andrassy ut 18), also at theatre box offices.

■ DRESDEN

Tonight's ali-Mozart concert by the Dresden Staatskapelle in the Kulturpalast is conducted by Colin Davis, with Paul Badura-Skoda piano soloist. Repeated tomorrow (4842 731). On Saturday and Sunday, Andras Ligeti conducts the Dresden Philharmonic Orchestra in Bèrlioz's Symphonie Fantastique and Gershwin's Plano Concerto, with Eric Le Sage (4866 306). The programme at the Semperoper Includes weekend performances of Hansel and Gretal and Der fliegende Holländer (4842

GOTHENBURG

Konserthus 19.30 Okko Kamu conducts the Gothenburg Symphony Orchestra In a suite from Swan Lake and RakhmanInov's Second Piano

Concerto, with Mikhail Rudy, repeated tomorrow at 18.00 (167000)

■ THE HAGUE

Tonight's concert at Dr Anton Philipszaat is a piano recital by Marc Laforet, with music by Chopin, Debussy and Ravel. Tomorrow, Ingo Metzmacher conducts the Residentie Orchestra in the Bach/Webern Ricercare, K A Hartmann's Sinfonia tragica and Gubaidulina's Offertorium, with Jaring Walta violin soloist (360 9810)

■ LEIPZIG Gewandhaus 20.00 Gary Bertini conducts the Gewandhaus Orchestra In Schoenberg's Pelléas et Mélisande and Brahms' First Piano Concerto, with Barry Douglas, Repeated tomorrow (7132) 252). Tomorrow in the Opemhaus: The Nutcracker (7168 273). Tomorrow in the Musikalische Komôdie: Flddler on the Roof (7168

LONDON THEATRE

National Theatre The Madness of George III: a new play by Alan Bennett, following the progress of the king (Nigel Hawthorne) beset by delirium, fearful doctors, ambitious politicians and an impatient heir. Opens tonight. The repertory also includes Bennett's popular stage adaptation of The Wind in the Willows, and Di Trevis' production of Brecht's The Resistible Rise of Arturo Ui, starring Antony Sher (071-928 2252)

Royal Shakespeare Company The Strange Case of Dr Jeckyll and Mr Hyde: the classic Robert Louis Stevenson tale in a new stage adaptation by David Edgar, directed by Peter Wood. The RSC repertory at the Barbican also includes Oscar Wilde's rarely seen comedy A Woman of No Importance, directed and designed by Philip Prowse with a cast led by John Carlisle, Carol Royle and Julie Saunders (071-638 8891) Young Vic

The Snow Queen: Hans Christian Andersen's classic fairy tale has been adapted for the stage by Nick Stafford for the Young Vic's Christmas show. Gerda is played by Sarah-Jane Holm, Kai by Fraser James and the Snow Queen by Jane Maud. Directed by Karen Stephens and Chris White, Now previewing, Press night tomorrow. Auns till Jan 4 (071-928 6363) Theatre Royal Becket: powerful performances

from Derek Jacobi and Robert Lindsay in Anouith's play about the relationship between Henry If and the archbishop (071-930 8800) For ticket Information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962 MUSIC AND DANCE Covent Garden 19.30 Royal Bailet in choreographies by Fokine.

Ashton, Robbins and MacMillan, repeated on Mon. Tomorrow: David Bintley's Cyrano. Sat: Simon Boccanegra (071-240 1066) Royal Festival Hall 19.30 Mark Wigglesworth conducts the BBC Symphony Orchestra in Deryck Cooke's performing version of Mahler's Tenth Symphony.

Tomorrow: Heinrich Schiff plays Dvorak's Cello Concerto with the Finnish Radio Symphony Orchestra. Sat: James Judd conducts the RPO (071-928 8800) Barbican 19.45 Prokofiev Festival Matislay Rostropovich conducts the LSO in the Third and Fourth Symphonies, with Martha Argerich soloist in the Third Piano Concerto. Sun: Rostropovich conducts Alexander Nevsky and plays the Sinfonia Concertante (071-638 8891) Sadier's Wells 19.30 London Contemporary Dance Theatre, also tomorrow and Sat. Next Tues: Paul Taylor Dance Company begins a two week season (071-278 8916)

■ NEW YORK Recommended shows on Broadway

include Nick and Nora, an Arthur Laurents/Charles Strouse musical murder mystery set in Hollywood in 1937, currently previewing (Marquis 382 0100); the original Dublin Abbey Theatre cast In Brian Friel's 1991 award-winning play Dancing at Lughnasa, directed by Patrick Mason (Plymouth 239 6200); City of Angels, Larry Gelbart's long-running musical thriller directed by Michael Blakemore (Virginia 239 6200); Park Your Car in Harvard Yard, a two-character play by Israel Horovitz (Music Box 239 6200); and On Borrowed Time, Paul Osborn's comic fantasy directed by George C Scott (Circle in the Square 239 6200)

■ ROUEN

The Opéra de Normandie presents a new production of Cosl fan tutte at the Théâtre Charles Dullin de Grand-Quavilly tomorrow, with

further performances on Dec 1,

3. 6 and 8. The cast includes Sophie Fournier, isabelle Poulenard, Francis Dudzlak and Jean-Marie Frémeau (3571 4136)

■ UTRECHT Tonight's programme at the

Vredenburg concert hall consists of chamber music by Prokoliev. Schubert and Mozart, Tomorrow at 12.30, there is a free funch concert by the Euridice Quartet, with string quartets by Mozart and Debussy. Tomorrow evening, Shlomo Mintz plays Beethoven's Violin Concerto with the Rotterdam Philharmonic Orchestra. On Saturday, Hans Vonk conducts the Netherlands Radio Philharmonic Orchestra in Bruckner's Sixth Symphony, plus Liszt's First Piano Concerto with Earl Wild (314544)

■ VIENNA

Staatsoper 18.30 Donald Runnicles conducts idomeneo, with a cast led by Peter Schreier. Tomorrow: Die Zauberflöte. Sat Samson et Dalila with Agnes Baltsa and Vladimir Atlantov (51444 2960) Volksoper 19.00 Oscar Strauss' operetta Ein Walzertraum. Tomorrow: Johann Strauss' Eine Nacht in Venedig. Sat. Die Fledermaus. Sun and Mon: Lehar's Der Graf von Luxemburg (51444 3318) Musikverein 19.30 Bruno Weil

conducts a programme of Schubert orchestral and choral music, repeated tomorrow (505 8190) Konzerthaus 19.30 Gidon Kremer is conductor and soloist with the Deutsche Kammerphilharmonie. with music by Schnittke, Beethoven and Mozart, repeated tomorrow (7124 6860)

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FINANCIAL TIMES

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Thursday November 28 1991

Living with Kohlonomics

independent central bank is doing its job is how unpopular it is. By that criterion, the Bundesbank is performing excellently. At present, for example, it is being pressed by the politicians over what are largely the effects of the German government's policies. Better that it be blamed than that it monetise the government's fiscal deficits; better still however, if those deficits were to be more rapidly

many's economic minister, has suggested that a further increase in German interest rates is unlikely, and has indicated his hope that they would decline next year. Similarly. Mr Pierre Bérégovoy, the French finance minister and. as such, quite as interested in the Bundesbank's policies as Mr Möllemann, has asserted that there is "no reason for the Bundesbank to raise its interest rates". In view of the political pressure he is under, the wish must be father of the

Politicians propose, but the Bundesbank disposes. That is its raison d'être. But this does not mean it can, or should, be unaware of the political context. "Independent" is not a synonym for suicidal In late 1987, for example, the Bundesbank lowered the discount rate to the exceptionally low level of 21/4 per cent under fierce pressure from Mr Helmut Kohl. Similarly, the Bundesbank is unlikely to raise interest rates in the next couple of weeks. It cannot wish the Germans to be any more unpopular at the Maastricht summit of the European Com-

Money increase

Subsequent increases in interest rates, though far from probable, cannot be ruled out. The 14 per cent increase in broad money (M3) attendant upon monetary union proved

munity's heads of government

than is strictly necessary.

more inflationary than had been hoped, largely because of the subsequent collapse in east German output. Partly for this reason, the Bundesbank lowered its monetary target to 3-5 per cent during the summer and, for credibility's sake, will wish to keep monetary growth within it. Recently, however, M3 has been growing more rapidly than this. Given wage pressure as well, Dr Hans Tletmeyer, the Bundesbank's outspoken deputy president should be taken seriously when he insists that an allclear signal on interest rate would be dangerous.

Disinflationary pressure Nevertheless, an interest rate increase is not inevitable: first, because the Bundesbank does not like to be that predictable; second, because the fear of higher interest rates can be as effective as the reality; and, third, because the recent strength of the D-Mark is imposing the disinflationary pressure it wants.

For a Bundesbank that knows it has to live with political realities, present pressure could, in fact, be worse. It is better to be subject to political pressure against doing something - raising interest rates that it probably does not wish to do, rather than in favour of doing something lowering rates - that it almost certainly does not want to do. But it would be better still it the pressure were put on the German government instead. The economics of Mr Koh

are the fundamental cause of high interest rates in Europe. Germany's neighbours should let the Bundesbank do what an independent central bank ought to do. They should also compliment the German government on its commitment to European political union. But they should insist that its pro-European rhetoric is belied by policies that are, in effect extracting resources from the rest of Europe in order to fund east German reconstruction.

isputes over working condi-tions and maternity leave have not in the past been the stuff of constitutional debate between European Community leaders. But between now and the Maastricht summit, conflict over such social concerns threatens to bring a delicate compromise on economic and political union crashing to earth.

At issue is a proposal to extend the scope of EC social legislation. Most member states want to deal with social directives - setting minimum standards in such areas as holidays, the working week, rights for part-time workers and anything the Community deems covered by the vague phrase "working conditions" - on the basis of qualified majority voting. Under current practice such decisions have to be unanimously agreed, but if the change is allowed any individual state opposing directives might be outvoted unless it has two allies to back it. In practice that means Britain.

The UK government views with alarm the intrusion of EC legislation into social policy. British officials have warned that the change to qualified majority voting is worth "dying in the last ditch" to resist. They complain that the EC prefers to make law rather than ensure it is implemented; that by seeking a role in social policy it is abusing its own principle of subsidiarity (the idea that intervention should take place at the lowest appropriate level). Above all, they assert

Britain's right to be different. Nowhere more than in the field of industrial relations is post-Thatcher Britain so out of step with the EC's Christian Democrat/Social Democrat mainstream. Most countries have extensive legal intervention in working life, a key role for the "social partners" (unions and employers) in collective bargaining, and worker participation in running companies.

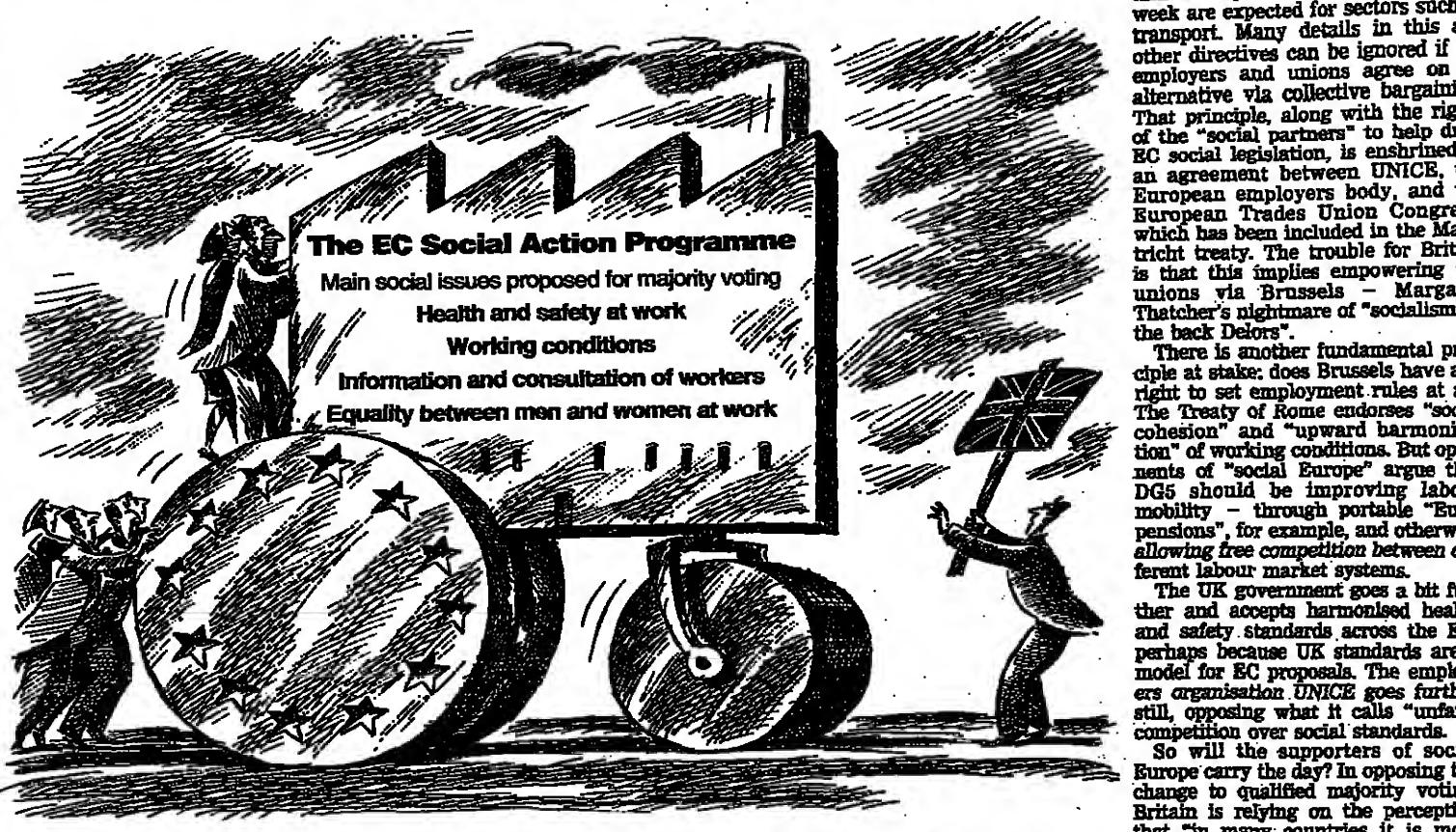
The UK's industrial relations system is governed by the lightest of legal regimes. The UK has no legislation on minimum pay, maximum hours or minimum holldays. Portugal, to name an example at the other end of the Community's income league, has legislation on all of them. The UK, with its decentralised collective bargaining, its deregulated labour market and its weak unions, has more in common with the US.

British companies may not have fully woken up to what is at stake in the EC's social debate. Mr Dick Eberlie, head of the Confederation of British Industry's EC office, warns that British employers have not yet realised "that the EC is trying to impose an alternative system on us". He says the UK should not be forced to adopt a more rigid continental regime. However, Britain has a powerful

combination of opponents in the European Commission's social and employment affairs directorate, DG5; in Mr Jacques Delors, the Commission President; in most of the European Parliament: and in most of Europe's trades unions and labour ministries.

Britain is at odds with the EC on working conditions legislation, says David Goodhart

Social row could sour the summit



The most significant aspect "social Europe" so far is the legislation on equal pay, most of which stems from the mid-1970s. This period, in which all proposals were subject to unanimous agreement, also saw legislation easing labour mobility and the first industrial relations laws.

The second phase, from the mid-1980s, came with the arrival of Mr Delors and the introduction of the qualified majority voting procedures of the Single European Act of 1986. For the first time that allowed qualified majority voting on a social matter - health and safety at work. Mr Delors, keen to show that the

single market was not only for busi-

f Britain wins concessions on

social policy at Maastricht, it will

he no thanks to Ms Vasso Panan-

dreou, the Greek socialist who is EC

social affairs commissioner, writes

Although she knows Britain well.

having lectured in economics there in

the 1970s. Ms Papandreon is quick

with rhetorical amazement at the UK

"We don't have any other govern-

ment or big party in the Community

that is against social legislation," she

says. The most recent Dutch draft of

"We have a moral obligation to set

minimum standards in order not to

allow market forces or wild capital-

ism to function at the expense of

the treaty is "the bottom line".

Ian Hargreaves.

nessmen, promoted the Social Charter, a non-binding declaration of fundamental rights for workers that was signed by all member states except Britain in 1989. And from that charter flowed a legislative Action Pro-

Apart from a raft of health and safety measures on such matters as exposure to carcinogens, however, the programme will have achieved little by its deadline of the end of next year. This is partly thanks to the British veto. As a result DG5 has tried recently to circumvent the UK's opposition by smuggling through several broader measures under the health and safety clause - for example pre-

workers. If we want to have the kind

of societies they have in south-east

Asia, then we should say that openly.

But I don't think that's acceptable at

common standards on working condi-

tions and working time will erode the

competitive advantage of weaker

member states in the south. "I don't

face great objections from them. I

think they know better than me

what's in their interests, and they

aren't against these proposals." Ms

Papandreou thinks her opponents

place too much weight on labour

costs in these arguments, and not

enough on questions of investment,

She also insists that the framework

management and training.

She brushes aside arguments that

the European level."

venting sub-contractors bringing in workers from low-pay countries such as Portugal without respecting local pay rates. Other countries, apart from Britain,

agree that DG5 has been stretching BC law, Nevertheless, they now appear ready to allow the rules to be. changed to allow all matters covering "working conditions" to be subject to qualified majority voting. That would e a watershed for "social Europe". So will legislation on working conditions - such as proposed directives on part-time workers and the working week - have the dire effect on UK employment and economic growth that the British government predicts?

proposed by the Commission is capa-

ble of adaptation within the EC's var-

ied industrial relations cultures.

"Britain says it doesn't want a lot of

legislation, but that it doesn't want

social consensus either: I don't under-

stand how society is going to func-

tion in that case...the conflict

model doesn't work. Britain's experi-

ence shows that." It is not difficult to

imagine the sparks that fly when the

steely logic of Mr Michael Howard.

the UK employment secretary, meets

esponsing economic rigidities of a

sort which can only weaken the Com-

munity's muscle in the long run, she

replies: "On the contrary, the Com-

munity is going towards less rigid

If you accuse Ms Papandreou of

this social democratic grindstone.

On the working time directive the are many proposals, such as mir mum holiday entitlement, that wou change very little in the UK, but of ers such as the maximum 48-ho week which could have a radic effect. Britain has more part-tin workers than most EC countries a the proposal to give them all pro-ra rights with full-time workers cou cost jobs. On working time, however the government's estimate that i directive will cost employers 25bn year is probably an exaggeration.

The working time directive is a more flexible than the governme

admits. A clause insisting that St day be the day of rest (introduced Germany) has been watered dow and exemptions from the 48-ho week are expected for sectors such transport. Many details in this a other directives can be ignored if employers and unions agree on alternative via collective bargaining That principle, along with the right of the "social partners" to help dr. EC social legislation, is enshrined an agreement between UNICE, European employers body, and t European Trades Union Congre-which has been included in the Ma tricht treaty. The trouble for Brita is that this implies empowering t unions via Brussels — Margai Thatcher's nightmare of "socialism

the back Delors". There is another fundamental pr ciple at stake: does Brussels have a right to set employment rules at a The Treaty of Rome endorses "soc cohesion" and "upward harmoni tion" of working conditions. But op nents of "social Europe" argue th DG5 should be improving labo mobility - through portable "Eu pensions", for example, and otherwi allowing free competition between d ferent labour market systems. The UK government goes a bit fi ther and accepts harmonised heal and safety standards across the E perhaps because UK standards are model for EC proposals. The empk ers organisation UNICE goes furth still, opposing what it calls "unfai competition over social standards.

So will the supporters of soci

Europe carry the day? In opposing t

Britain is relying on the percepti that "in many countries it is mo important to be seen to believe social Europe than to do anythi about it", as one DG5 official puts Over the next few days the UK w he seeking to combat the threat of EC social role by raising another sp tre: that the EC might become involved in setting wage and soc security levels. Officially the Comm sion denies any such intention and any case, with the EC facing so mu unfinished business, no new soc legislation is likely until the la 1990s. But by then, almost irresp tive of what is agreed at Maastric the EC will certainly have more inf ence over UK social and employment affairs than it does today.

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ideology...but competition and i

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only two-thirds of workers included

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and thinks the Community show

push this line in trade talks with

US and Japan, perhaps demandi "social duties" from industries a

countries that fail to meet EC soc

standards. "In Japan, they wo

much longer hours than in Euro

It's they who have to reduce, not

who have to increase."

She is ready to defend Europe

US and Vietnam

THE HOSTILE reception Vietnam even though it has accorded to Mr Khieu Samphan, the Khmer Rouge leader. on his return to Phnom Penh indicates how difficult it will be to reach lasting peace in Cambodia. It also points up continuing inconsistency in US policy in Indochina.

The wrath of the Cambodian people is understandable. So is the implied sympathy of the authorities who allowed the attack to occur. But this is scarcely likely to encourage Khmer Rouge guerrillas to lay down their arms. That they do so is crucial for the peace process agreed in Paris last month. This accord has encouraged countries around the world to support the Supreme National Council. which is to rule on an interim basis until UN-sponsored elections. But no-one knows when these can take place, or what sort of government - potentially communist or involving the Khmer Rouge - might

The US is among countries to have sent an ambassador to Phnom Penh. Despite the uncertainty about Cambodia's future, it seems sensible to give backing to a process which represents the only chance of ending that country's protracted misery. But it makes all the more inconsistent US tardiness in restoring relations with Vietnam.

Hanoi may still have a communist government but it has recognised the failure of central planning and embraced capitalism. Its efforts to create a free-market economy out of a wasteland of repression and poverty are severely hampered by the US bar on diplomatic and business links.

The US maintains the ban on tackling.

would be gradually restored peace and democracy in Cam-bodia and tracing US service-men unaccounted for after the war in Indochina. Vietnam. belatedly, has begun co-operat-

war had exorcised the Vietnam trauma, President Bush was only partly right. The lesson has yet to be applied to US relations with Vietnam itself. where the wound still runs deep. But it should not be allowed to fester forever. Now is the time for the US, in a strong world position, to make a gesture to its former tormentor. Just as it is doing in Cambodia, Washington should encourage the reform process in Vietnam, not hinder it. It is precisely the sort of problem that, elsewhere, the secretary of state has proved adept at

SHOPLIFTERS now know where to go. They may pinch a toffee from Tesco, an apple from Safeway, a sausage from Sainsbury's. The presumption must be that in any such case no store detective will come forth. There will be no prosecution. There is only one stipulation; they must indulge their

kleptomania on a Sunday. For Tesco, Asda, Safeway and Sainsbury's have proclaimed that the rule of law is to be suspended on the seventh day of the week. Not all of it, of course, but just the bit of law that inconveniences them. It is not legal to open for business on Sundays, but they will go ahead anyway. The flaw in their argument is apparent. You cannot suspend just one bit of the law, as the attorney general, Sir Patrick Mayhew.

pointed out in the House of Commons yesterday. Sunday trading is unlawful. The presfrom Asda, safety matches ent legislation is certainly absurd and in some respects ambiguous; and the government has failed to take a grip. Yet this principle is not divisible. Poll tax must be paid,

although it is in disrepute.

The rule of law is one of the foundations of a free market. It is an essential ingredient of capitalist society. Without it there could be no enforcement of contracts, no protection from thieves. When trade union leaders break laws. industrialists express outrage. Tearing off bits of any law that gets in the way erodes the authority of the entire system. The stores should exercise patience: open Sunday trading will be allowed in due course.

Meanwhile it is not.

said it will soon lift its embargo on Cambodia, This prevents any IMF and World Bank financial backing for Vietnam's structural economic reforms. By contrast, the US has striven to maintain relations with China despite being at odds on trade, democracy and human rights. It worked hard, with other countries, for the Cambodian accord. It says it will send an ambassador to neighbouring (and communist) Laos. Given this evidence of a broad view fostering peaceful regional development, the reticence towards Hanoi is out of

Last week the two sides began talks on normalising relations, but there is no sign that a breakthrough is imminent. The US has set out a "road map" under which ties based on progress towards ing on both counts. In declaring that the Gulf

With a pinch of salt

Vasso Papandreou: Dutch draft

of the treaty is 'the bottom line'

EAnd Lo! There came news from the east that Lot's wife was in danger of toppling over. What's more, she might have to be blown up to make sure she doesn't smite any Israelites or passing tourists. For thousands of years, an outcrop of rock perched on

a hill close to the (presumed) biblical site of Sodom in the arid wastelands south of the Dead Sea has stood as eerle testimony to the story in Genesis of Lot's wife. Lot, son of Haran and nephew of Abraham, lived in the depraved city of Sodom. Just before God was to devastate it and Gomorrah for their sinful ways, angels warned Lot, his wife and his two

daughters to flee. But Lot's wife - Genesis never gives her name - ignored the angels' warning not to look back and was turned into a pillar of salt. There she has stood ever

since - at least until now. **Israel's Nature Reserves** Authority warned yesterday that the largely hollow salt formation Mrs Lot sits upon is unstable and crumbling. She is also cracking. "There's fear now that this heavy rock. which weighs thousands of tonnes, may fall and cause a disaster." says the authority's

Shintel Shapira Geologists are to examine the site and if the danger is deemed too great, it may be dynamite for Lot's wife, the authority warns.

Capital break

ECapital Radio is far and away Britain's biggest commercial radio station and its most successful. So the departure of the two men associated with its phenomenal success was bound to make investors uneasy. Earlier this year managing director Nigel Walmsley went off to run Carlton's TV business and now Sir Richard

OBSERVER

Attenborough, who founded the station 18 years ago, has announced his retirement. While Sir Richard, who was in America filming yesterday, is better known for his artistic talents than his business skills. his replacement - Reed International's Ian Irvine - is very much a businessman. A former Touche Ross partner, he has been involved with a string of media ventures over the years, ranging from Express Newspapers and the Reuters float, to BSB.

He says that there will be no revolutionary changes at Capital However, others are not so sure. Irvine will be a much more hands-on chairman than his predecessor and with advertising man Richard Eyre due to step aboard as chief executive in a few weeks' time. Capital is the obvious candidate to bid for a national licence and give the BBC a run for its money for the first time.

Smiling anew Black in the 1980s Glasgow revived its spirits and improved its image with the memorable message Glasgow's Miles Better. The ads featured Mr Happy and were plastered on the sides of London buses: the slogan entered the lan-

But yesterday Glasgow's Miles Better was officially retired. The city council believes it has got the message across, so, with the Glasgow Development Agency, it launched the less catchy Glasgow's Alive, with the "alive" in splodgy lettering wrapped in the stars of the European flag. Some £200,000 is being spent on advertising it at home and abroad, and businesses and hotels are being asked to put it on their literature.

Glasgow is better than it was, though it seems sad to ditch such a memorable slogan. After its garden festival



gow no longer has big events in the pipeline, and the competition is getting tougher. Edinburgh is pulling its socks up and creating an opera house at last. Even Liverpool, whose plight makes Glaswegians feel smug, could rise again if it sorts out its political problems. Maybe Glasgow's Miles Better will eventually have to be brought out of retirement.

(1988) and European city of

culture accolade (1990). Glas-

Twenty across How does Poland's President Lech Walesa relax in times of constitutional crisis? It seems that he is a secret crossword buff, and has been competing for some time for the daily prize of around £2.50 awarded by the Sztandar

Mlodych newspaper. However, his cover has just been blown because his latest entry, neatly typed on presidential notepaper, is one of the winners. It was dated November 15, the day on which the President learnt from the coalition of five centre right

parties that they wanted him

to pick Jan Olszewski, a 61year-old lawyer as his candidate. Walesa is resisting the

Greek socialist flying workers' flag

The clue to solving his own political crossword is three words and 20 letters – Jan Krzysztof Bielecki - the name of the outgoing prime minister.

Banking Ombudsman might

Unmoved There are so few big banks in Britain that one would have thought that The Office of The

have been able to schedule its annual press conference so that it didn't clash with today's annual results presentation of the Royal Bank of Scotland. Since the Royal Bank of Scotland has been publishing its annual results on the last Thursday of November for many a year, Banking Ombudsman Laurence Shurman should have done a bit more homework, or at least agreed to change the time of day. His deputy assures Observer that it is just one of those unfortunate oversights that "we will try and avoid in future" but it looks suspi ciously like a quango trying

Conundrum 1

to prove that it won't be

pushed around by the people

it is supposed to be monitoring.

mObserver is starting an irregular series to which readers are invited to respond; no prizes except intellectual satisfaction. The first conundrum is: given that commercial sponsorship of BBC television programmes is not permitted, what on earth does Tim O'Neil the BBC's head of sponsorship. do all day?

Holiday gossip "How was your holiday", said one cannibal to another. "Great. Lots of sun, sea, sand and sex." came the reply. "So how come you're miss-

ing a leg? "It was self-catering."

TO BANGKOK... ...AND BE STRETCHED OUT - NOT STRESSED OUT

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wo different developments have come together in the world's currency markets. There has been the disappointing recov-ery in the US, and in much lower key, the postponement of recovery prospects in the UK. Secondly, there is the imminence of the Maastricht summit. This has been enough to switch the subjective chances of a re-alignment of the core ERM currencies in the coming months from negligible to extremely tiny. The change is still sufficient to cause nervousness among holders of cur-rencies such as the franc and the pound, which enjoy an interest rate differential of 1 per cent or less over the

D-Mark. There would be nothing unprecedented or even alarming in a W-shaped recession.
The world had this in the early 1980s when industrial production among the five main industrial countries fell both in 1980 and in 1982. In 1980, the US and UK led the world downwards. In 1982, the UK had a This time an "L" looks more likely than a "W". In other words, the industrial world as a whole may coast along the bottom for at least part of 1992, while the mainstream eco-

It would not be unprecedented to have a W-shaped recession, but an 'L' shape is more likely

nomic forecasters ponder where their models went

But the more fundamental question is, as always, an "ought" one, which I cannot get people to look up from their crystal balls to discuss. In countries such as the US, Japan and the UK, is the reluctance of highly-indebted consumers to spend more harmful behaviour to be offset by official policy? Or is it a healthy reaction to past excess and part of the Schumpeterian process of "creative destruction"? My provisional answer is: healthy, so long as it does not spiral downwards into depression - which governments and central banks do have the means to prevent.

The deterioration in US domestic prospects has caused a reassessment of the significance of low US interest rates. Until recently, the 41/2 percentage point gap between the US and German short-term rates has been treated by the market as partly a temporary phenomenon. Now, however, the timing of any increase in rates to ECONOMIC VIEWPOINT

Behind the world currency strains

By Samuel Brittan

narrow the gap has been pushed further ahead - the presidential election is not due until next November. In the meanwhile, the next Fed move is much more likely to be down than up.

Faced with this change in outlook, the US currency has had to "overshoot" downwards to a level at which its prospective recovery is sufficient to justify the international investor for his loss of interest. Over a longer perspective,

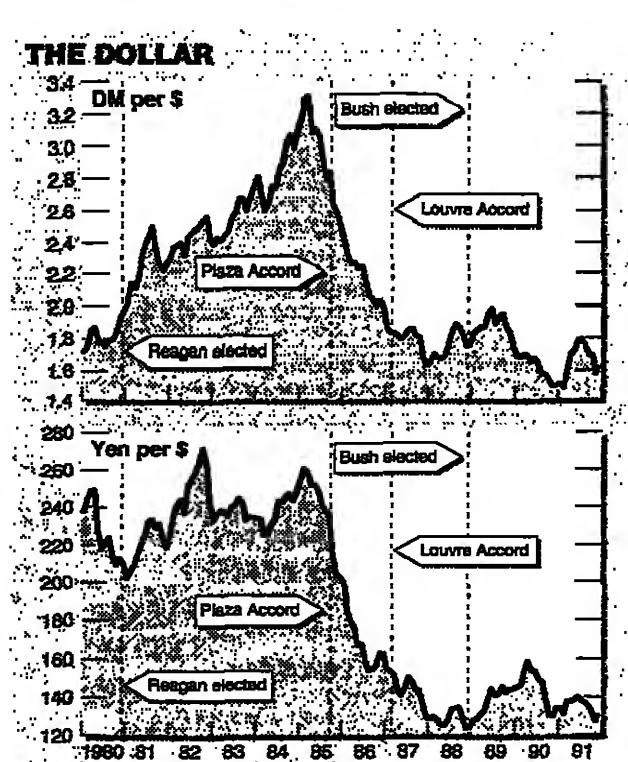
what is remarkable is not the recent decline in the US currency, but the remarkable medium-term stability it has enjoyed at, or a little below, the ranges agreed at the Louvre Accord of early 1987. The dollar is still higher against the D-Mark than it was early this year, and the massive devaluation that so many east coast economists called for to correct the balance of payments deficit has not been necessary. The deficit has looked after itself.

Worries about Maastricht explain why the shift out of the dollar has been into the D-Mark rather than sterling or the other ERM currencies. The best rationalisation of the worries is that if a failure at Maastricht deals a blow to the prospects of Emu it will reflect on

This does not mean that member countries will lightly abandon their obligations or throw away their hard-won anti-inflationary credibility by re-alignment. There has just been some extremely slight shift in the odds, if only because part of the political support for the ERM has come from the hope that it would lead to a monetary union in which states other than Germany would have more say. The present is a situation in

which it is sensible for European central banks to make use of the margins built in to the ERM, which should not be abolished or narrowed, until members are prepared to lock their currencies into a system of permanently fixed exchange

Under the schematic version



the ERM used in so-called Walters Critique there is no flexibility, and it would be worth moving out of a currency when there is even a very small chance of a downward re-alignment. But with a bilateral band of fluctuation for sterling from DM2.778 to DM3.132, the speculator who moved out of sterling could lose very large sums if, as is overwhelmingly likely, there is no re-alignment and sterling

recovers within the band. France, which is in the narrower band, is not quite so well placed. Even so, movements within a range from FFr3.43 to FFr3.279 to the D-Mark can inflict quite heavy damage. The narrower band is justified by the greater strength of the French commitment to an eventual single currency, by the country's successful record in avoiding re-alignment and by an inflation rate genuinely below the German one. The UK

- which scores less heavily on all three factors - should, and will, stick for the time being to the 6 per cent margin (at which I originally suggested the country should join the ERM, when the arrangement started in 1979. following the Italian

The effect of Maastricht on sterling is complex. Not only does it share in the extremely alight doubt about the future of the ERM. But the divisions within the Conservative party to which it has given rise have made foreign exchange markets take the possibility of a Labour government or a hung parliament more seriously.

The effect was summed up by Theodor Schonebeck of the Deutsche Bank, when he said in London this week that while he recognised that devaluation was not part of Labour's strategy, its probability was nevertheless higher than under the Tories. The belief is probably

untrue, as there could now be more devaluationists among the Tory right than the Labour left; the main difference is that the Tory right calls it "floating the pound", and neutral observers "sinking sterling".

Mr Schonebeck also observed that real interest

rates of 8 per cent and the ERM commitment imply a "muted recovery in output during the run-up to the general election". But he obviously thinks this slow recovery a price worth paying for the "speedier correction of inflation expectations than would have been the case had Britain not joined the ERM". What Tory strategists need to do is to abandon their 1960s-style concentration on economic movements in the next couple of quarters which they can neither control nor predict, and find some way of bringing into the argument the underlying improvements enumerated, not very loudly, in the new National Institute Review. That is hardly a Conservative house organ; yet it estimates a sea change for the better in Britain's share of world trade, and a convergence around low German rates of inflation by

Meanwhile, events have weakened the belief that sterling's effective floor is dragged up by the Spanish peseta, which also enjoys a 6 per cent margin. It was always likely that if sterling came under downward pressure it would drag the peseta with it, and so it has proved.

the mid-1990c

In fact, the most likely result of a failure to agree at Maas-tricht would be another summit. For that is how the Community works. The Dutch have already said that they would be prepared to chair another meeting between Christmas and the New Year, even if ministers and officials then have less time to spare with their families. If that does not happen or does not work, the Portuguese will chair a meeting in the New Year.

the arguments why Europe would be better off if it is system from which a single currency could eventually develop, whether or not there is agreement on hobbyhorses European parliament.

BOOK REVIEW

A losing streak that will be hard to break

he Democratic party has rarely had it so good ▲ President George Bush is sliding in the polls; the US economy remains stagnant; and the Reverend Jesse Jackson has taken himself out of the running for the presidential nomination. Can it really be that the Democrats have a shot at winning next year's election? Here is the necessary anti-

dote to the false optimism which has seized the Democrats in recent weeks. Thomas Edsall, a veteran Washington Post political reporter, and his wife, Mary, have written a brutally frank exposition of the weaknesses of the modern Democratic party. Their eral - racial and cultural over the past 25 years helps to explain why the Republicans have won five out of the last six presidential elections, and

party favoured shifting power,

wealth and the protection of

the state towards the working

classes; it proclaimed, with conviction, that all Americans,

black and white, were entitled

The Roosevelt coalition frac-

tured in the 1960s, split asun-

der by the Vietnam war and

the civil rights movement. The

beginning of the end came in

1968 at the Democratic Conven-

tion in Chicago, a violent affair

which saw the emergence of

the welfare rights movement,

student disorders, the sexual

each of which combined to

alienate the white, blue-collar

worker who for a generation

had proved the life and soul of

From then on it was down-

hill. The Democrats became

the party of the victim, the

underdog, the disenfranchised

- in short, the party of the

loser. At the same time, con-

trol of the party machine grad-

ually moved out of the hands

of the city's bosses and into the

hands of an upper-middle-class,

revolution, radical feminism

to a New Deal.

the party.

why the Democrats face an uphill battle next year. The failure of the Democratic party is the failure of Democratic liberalism. In the 1930s and 1940s, under President Franklin Roosevelt, Democratic liberalism became the dominant political force. The

There is, however, the wider moral that the ERM and Emu cannot be completely separated. Systems of fixed but variable exchange rates have a limited shelf-life. They either break down into dirty floating or harden into fixed rates which can only be changed in a crisis of wartime or depression proportions.

There is no need to rehearse known to be operating a permamently fixed exchange rate such as political power for the CHAIN REACTION: THE IMPACT OF RACE, RIGHTS AND TAXES ON AMERICAN **POLITICS**

By Thomas Edsall and Mary Edsall Norton, 522.95

reform the Democratic party. As the Edsalls note: "The Democratic reform elite served as the perfect foil for conservatives seeking to portray the Democratic party as a new establishment intent on imposing an alien - elitist and lib-Mr George Wallace, the seg-

regationist Democratic governor of Alabama, put it even more succinctly in his 1968 presidential election campaign: "You know who the biggest bigots in the world are, they're the ones who call others big-

What is striking is how a generation of Republican political operatives has been able to tar successive Democratic presidential candidates, from Mr George McGovern to Mr Michael Dukakis, with this same elitist brush. In 1988. Mr Bush buried his opponent with charges that he was a "tax-and-spend" liberal, soft on crime and even softer on communism and the need for a strong national defence. The Edsalls argue that the

Democrats have got on the wrong side of three pivotal issues - race, rights, and taxes. Race in their view is the most important. They offer powerful evidence

to support two further contentions: that the gap between blacks and whites in the US is becoming greater in terms of education and income: and that this gap continues to polarise the American electorate to the benefit of the Republican party. As the authors point out,

civil rights legislation helped to foster the development of a black middle class; but it also may have helped to spawn the growth of a black underclass college-educated elite, who The percentage of American

families with one parent rose from 12.9 per cent in 1970 to 21.5 per cent in 1980, and 27.3 per cent in 1988; but the percentage of black families with one parent had risen by 1988 to 59 per cent.

Many of these one-parent families are on welfare; and as Mr David Duke, the ex Naziturned maverick Republican. showed in the recent race for governor of Louisiana, it is easy enough to tap white resentment on this issue. Mr Duke may have been trounced but as Dan Quayle, the vice-president, said this week: the messenger not the message is the problem.

Yet the Edsalls' preoccupation with race may have led political shifts in the 1980s which may end up hurting the Republicans.

The most important is the growth in income inequality among whites. The authors present interesting statistical material about how the rich grew richer under President Ronald Reagan, but they do not share the view that a Democrat candidate running on a populist platform of tax "fairness" could appeal to the elec-

Elsewhere, the Edsalls may not have given sufficient weight to the impact of the Bush presidency which through its soft boiled country club conservatism, has eroded the hard edges of the Nixon-Reagan coalition. Mr Bush has in the past three years, agreed to soften his "no new taxes" and anti-jobs' quota rhetoric to reach agreement with the Democtatic majority in Congress He has also consciously sought to appeal to black voters, to the point of selecting a black judge to replace a black judge for the US Supreme Court (the

ultimate job quota).
Mr Bush may well repeat the racially loaded messages of 1988 during next year's campaign. The chances are much greater if a north-east liberal such as Governor Mario Cuomo of New York enters the race. If Mr Cuomo does seek the Democratic nomination, he should take this book to bed for a good, long read.

Lionel Barber

LETTERS

From Mr Ian Lamont. Sir, You report that the Audit Commission has urged a strict line on poll tax defaulters (November 26). In certain areas such as Strathclyde, the level of non-payment is so high that even law-abiding citizens are now questioning why they should pay. The non-payers, in the knowledge that there is insufficient space for them all to be imprisoned, are not to be intimidated by threats of fines,

which will also go unpaid. Surely it is time to invoke the principle of "no representa-tion without taxation". While the threat of disenfranchisement may not compel non-payers to pay, it would, if enacted, probably result in the removal of high spending local authorities as they would not find favour with those who have earned their right to vote by paying their poll tax. Ian Lamont

Fairlight Cottage, Hickmans Lane, Lindfield, Sussex

Price of data

From Mr Norman Swindells.

Sir, Joe Rogaly may be bet-ter than I am at reading the real meaning behind the proposals of the EC ("Wiring up Europe", November 26) but also he may not understand the nature of the problem.

There is no unified commu-

nications system within the EC, for any method of transmission, and until there is we shall suffer by comparison with our competitors. As an example of what this leads to, the unit usage charge for data transmission by the packetswitched data network of BT is £1.80/hr within the UK and £4.80/hr "international usage UK-Europe". All the other national telecommunications utilities in Rurope discriminate against cross-border data traffic in a similar manner and some are worse than BT in this

being outside Europe and the customer pays the price; to his disadvantage compared to the US where there is a single national pricing structure for each data network. Norman Swindells, Touchstone International 14 Mere Farm Road, Birkenhead.

Merseyside L43 9TT

Clearly, BT regards itself as

Solution to poll Disturbing aspects of tax defaulters Sunday trading moves

From Mr Albert Edwards. Sir, Whether or not one is in favour of Sunday trading, the current trend towards wholesale breaking of the criminal law is disturbing.

The will of parliament in 1986 was that the 1950 legislation should stand. The claims from these companies that they are entitled to break the law because they are satisfying consumer preferences is irrele-

Justice Hoffmann in the High Court (Stoke and Norwich Councils v B & Q, July 1990) said that the objective of the law "is in my view clear enough from the terms of the Act itself, namely to ensure as far as possible, shopkeepers and shop assistants did not

have to work on Sunday". The law is there to protect the worker, not the shopper!
In the same judgment, Justice Hoffmann pointed out that B & Q "owes a great deal of its success to systematic breaches of the law. These profits are effectively being stolen from law-abiding shops such as Marks and Spencer. If the current recessionary economic conditions are justification for Tesco et al also breaking the law, why should not those individuals also down on their luck shop-lift, fare-dodge and mug etc. Choosing which laws we shall or shall not obey is the first step to anarchy.
Albert Edwards, 67 Erianger Road, London SE14 5TQ

prices up - in short, the market is being wilfully manipu-

The regulatory authority. OFFER, has shown itself to be

completely spineless and responds to complaints from consumers such as me in a

most negative fashion. Yet I

am purchasing £6m-worth a

year of electricity, it is 8 per

cent of my manufacturing costs and I find that these are

being forced up well above

1990-91 levels as a result of this

The consequences of having to absorb these cost increases

are potentially disastrons - it

is already hard enough being

competitive in these recession-

ary times, with overseas pro-

ducers pushing to increase

The arcane and secretive

way in which pool pricing is

established, with the customer

not getting to know the actual

price he has paid until four

weeks after he has consumed

the electricity, also makes it

impossible to plan and control

appropriate investigation.

Andrew Cook,

William Cook.

Parkway Avenue.

chairman.

pricing practice.

their market share.

National Power's profits indicate need for prices investigation

From Mr Andrew Cook.
Sir, With National Power's announcement of a staggering increase in profits of 18.1 per cent ("National Power reaches £202m", November 27), it is high time to focus on the fixing of pool prices by the electricity generators. This is nothing short of a scandal. They should be investigated immediately by

the Monopolies Commission. Most big electricity consum-ers were forced to accept pool prices in order to avoid a 15 per cent increase in their electricity costs which was a consequence of taking the alternative annual contracts offered by the area boards. These pool prices are fixed every half hour on a supply and demand basis. Traditionally, demand peaks in the late afternoon and. therefore, one expects the pool prices to be more expensive at this time. However, there is a

limit to this and it is far below the levels recently experienced. For example, for much of the day a pool price somewhere between 2p and 3p per unit tends to prevail, but on a number of days recently the late afternoon price has been as high as 11p. This has been on days when the weather has been mild and no extraordi-

nary conditions have existed. All indications are that the generators have deliberately withdrawn capacity during these periods in order to force

Productivity gap target From Mr Brian Warnes.

Sir Anthony Harris ("The risk to sterling's hidden strength", November 25) paints a gloomy picture of UK industry needing to improve produc-tivity 1 per cent to 2 per cent faster than German industry for five to 10 years (ie, in addition to whatever improvement German industry is making in the meantime) to achieve "con-

vergence" with Europe.
The financial systems in German and Japanese companies are designed by engineers, not accountants, and they use them to control companies in a different way, a way that almost invariably results in dramatic "productivity" achievements

UK companies adopting simi-lar methods find themselves achieving equally dramatic productivity successes - and within months, not the "years" feared by Mr Harris. It is a gap that need not take an undue time to close. Brian Warnes,

managing director, Business Dynamics, 18 Blackheath Village, London SE3 9LA

Competition

From Mr J J Virden. Sir, We read much about the benefits and operation of competition in markets, but little about the prices to be paid for competition. There are two or more, all paid by the customer or whoever wants competition.
There has to be enough

apparent profit in the business to draw in other players, and someone ultimately has to pay a price higher than marginal to keep the second last player in the business as others depart. It is fantasy to expect compe-

tition to provide endless output at or near marginal cost. So, when BT and British Gas are showing the beacon for competition, regulation risks all by effectively directing other players to other pastures. Better to allow profit to attract wolves through a more open door. Jonathan Virden, Court Lodge,

Sir Gordon Borrie should Yaldina. waste no time in ordering the Maidstone, Kent

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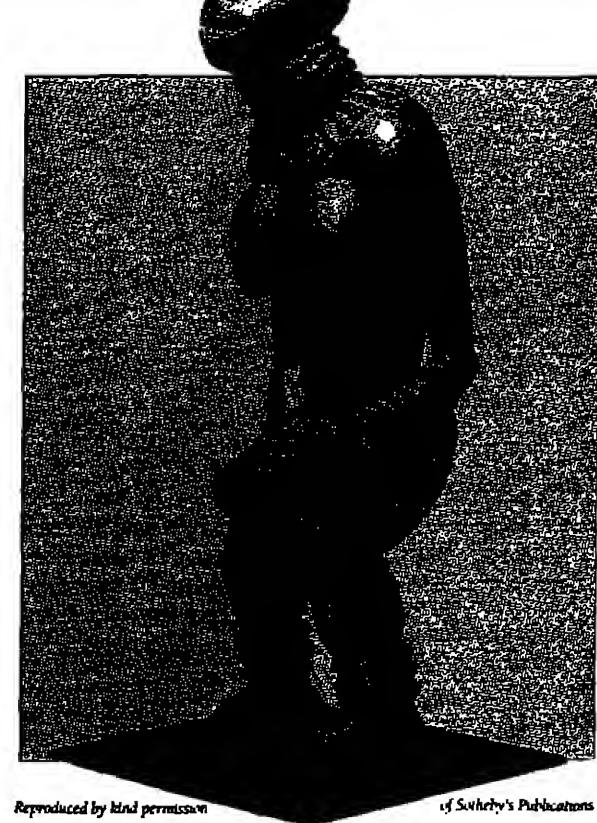
WHAT IS THE BEST INVESTMENT IN THE WORLD?

his memorial figure of a Bangwa Queen was collected by a German merchant explorer in 1898 - the first white man to reach the Bangwa kingdom (now in Cameroon).

Herr Conrau would probably have been amazed to know that this sculpture, only 31/2 inches high - which probably cost him only a few coloured beads - was sold at Sotheby's in New York last year for US\$ 3,410,000.

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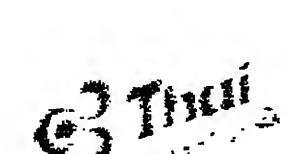
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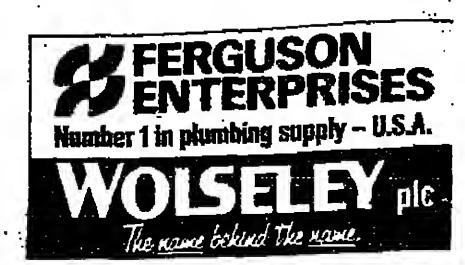






FINANCIALTIMES

Thursday November 28 1991



Japanese MPs protest at measure allowing servicemen to join UN operations abroad

Outburst over Japan peace troops plan

By Stefan Wagstyl in Tokyo

A BRAWL broke out among Japanese Diet (parliament) members yesterday when a controversial bill to allow Japanese servicemen to join United Nations peace-keeping operations was forced through a key Diet committee.

The bill, which will authorise the government to send troops to danger zones over-seas for the first time since the Second World War, is expected to complete its parliamentary passage in the next few days, in spite of further protests from opposition parties.

Yesterday's outburst started after the ruling Liberal Democratic party (LDP) decided to cut short debate on the issue and to push the bill through the committee, Members of the opposition Social Democratic and Communist parties stormed the chairman's desk in an attempt to stop him calling a vote.

The government wants the bill to be enacted in time to allow Japan to join UN peacekeeping forces which may be sent next year to Cambodia.

The measure has provoked intense argument because many Japanese believe that it might infringe the commitment to peace enshrined in Japan's post-war constitution and possibly prompt a resurgence of militarism. China and other neighbouring countries have expressed concern.

A similar bill, introduced last year during the Gulf crisis. was dropped following opposition from MPs. However, supporters of the measure have since gained ground, arguing



that Japan must play a bigger role in world affairs and that serving in the UN peace-keeping force would not amount to military action and so would

not infringe the constitution. International criticism of Japan's cash-only contribution to the allied effort in the Gulf war also helped to convince ordinary Japanese that it was time to abandon the taboo on overseas missions by Japanese servicemen. There was little public protest when the gov-

LDP chairman Yoshiro Hayashi announces that the measure has been forced through a parliamentary committee ernment earlier this year despatched minesweepers to the region. Asian countries also reacted calmly.

Signs of growing public support for a greater Japanese involvement in the United Nations persuaded the government to try once more with the peace keeping bill. Mr Toshiki Kaifu, the former prime minister, made it a priority but ran out of time before his term expired last month. Under Mr Kiichi Miyazawa,

the new prime minister, the government redoubled its efforts: the LDP rallied its own dissident members and won over the Komei (clean government) party by accepting strict conditions on participation in peace-keeping forces. Japanese troops will only serve on UNorganised missions and only in areas where the combatants have called a ceaseffre and have agreed to accept a UN

peace-keeping force. Japanese servicemen will be

permitted to use weapons only in self-defence and, if a ceasefire agreement fails, will be

required to withdraw as soon as possible. Mr Koichi Kato, the chief cabinet secretary, said last night that the opposition parties' actions yesterday had been shameful. The Japan Social Democratic party (formerly the Japan Socialist party) replied that the commit-

tee vote had been unconstitutional and regrettable. US and UK call on Libya to give up agents

By Ivo Dawnay in London and Lara Marlowe in Belrut

THE US and Britain vesterday increased the pressure on Libya to surrender the two intelligence agents accused of the 1988 bombing of a Pan Am jumbo jet over Lockerbie in Scotland in which 270 people died. They also demanded compensation payments.

A joint statement, with a section signed by France. demanded that Tripoli must commit itself "definitively" to

By Lionel Barber in Washington

Congress vesterday backed away from plans to hold a spe-

cial December session to

debute an economic growth

Both sides held open the pos-

sibility of Congress returning

before January 3, but the pros-

pects appeared slim. The Dem-

ocrat leadership seemed to

favour finishing business

before the Thanksgiving break

House ways and means com-

mittee, will hold hearings next

month on tax rebel and tax

secretary, Mr Richard Darman.

budget director, and Mr Alan

Greenspan, chairman of the

Federal Reserve, will testify.

shaping the tax debate for the

The idea of a special session

took on a new lease of life after

President George Bush caved

Mr Nicholas Brady, Treasury

However, Congressman Dan Rostenkowski, chairman of the

and assistance to such groups. "Libya must promptly, by concrete actions, prove its renunciation of terrorism," the statement said. British officials indicated that further measures, such as trade sanctions, had not been not ruled out. The US has also refused to rule out the use of force.

The latest action by the US and Britain follows the filing of criminal charges on November ceasing all terrorist actions 14 against two agents said to

in to pressure from conserva-

tives. He called last Tuesday

for an immediate vote on a

loosely-worded House Republi-

can growth package, including

This reversed earlier White

House strategy which was to

play a waiting game. Under

this plan, Mr Bush would seize

the domestic initiative in his

State of the Union address to

Congress early next year. It

repackaged growth inceptives,

including a capital gains tax

But poor opinion polls, tur-

moil in the White House over

the position of Mr John Sun-

или, chief of staff, and continu-

ing weakness in the economy

tempted Mr Bush to embrace

the House Republican package

of being passed but an early

vote would have allowed

Republicans disgruntled with

The measure has no chance

cut, and, possibly, an invest-

ment tax credit.

for tactical reasons.

would focus on a mixture of

a capital gains tax cut.

Economic growth debate put off

have been behind the bombing. France's support for the first section of the statement relates to the 1989 bombing of a French jetliner over north Africa, for which it issued warrants against six Libyan offi-

The statement insisted that Libya must now comply with a series of specific demands. In addition to the two wanted men, Britain and the US are demanding that Libva should

his wavering leadership to

return to their districts and

argue that they had tried to

The president could also

have used the Christmas break

to blame Congress for inaction

The president's call enraged

the Democratic leadership who

thought they had a tacit agree-

ment with the White House on

a two-month adjournment.

Within hours, they were

Thanksgiving session starting

on December 9 or 10 to focus

on Democrat proposals for tax

the equally ill-defined House

amount to little more than

political posturing. They have

little chance of passing Con-

gress unless there is a grand

compromise between the par-

ties to re-open the budget defi-

The posturing reflects the

These proposais – as well as

relief to the middle class.

Republican measures

threatening to hold a post-

pass a growth package.

on the economy.

cials last month.

supply further details of the terrorist attack, access to witnesses, documents and other remaining timers used to trig-

British officials would not be drawn on what specific action may be taken if the government of Colonel Muammar Gaddafi fails to respond to its demands. But the clear implication is that the US and the UK are already engaged in diplomatic moves aimed at seek-

mean atmosphere in Washing

ton. It also obscures measures

such as the \$151bn transporta-

tion bill which will pump

money into the economy and

create jobs in construction and

The House passed the high

way and mass-transit bill on

Tuesday. Mr Bush, who

objected earlier to the high

price-tag, will sign the bill

which shifts to states and

cities many decisions which

have been federal responsibil-

Elsewhere, the crime bill

proved as divisive as ever, with

Republicans and Democrats

each trying to outbid each

A House bill included the

death penalty for 53 new fed-

eral crimes, including murder

of federal egg inspectors; but

the White House, with one eye

on next year's election cam-

paign, is threatening a veto on

the grounds that it does not go

other on the death penalty.

ity for the past 30 years.

other hard-pressed industries.

ger bombs.

ing a concerted western

Mr Abu Zaid Omar Dourds, Libya's prime minister, disputed the British and US claims and called for an unbiased international investigation into the bombing. Speaking in Beirut after visiting Egypt, Jordan and Syria, Mr Dourda said: "All of the Arab countries I visited announced their support for

for role in

By Michael Littlejohns

THE UN Security Council last night unanimously adopted a resolution paving the way for the possible establishment of

operation in Yugoslavia. endorsed the position taken by Mr Cyrus Vance, the chief UN negotiator, that the deployment of a UN force could not be envisaged unless there was full compliance with a ceasefire accepted by Serbian and

auspices. In a resolution developed in

that accord

Yugoslavia. The council further pledged "to examine and take appropriate action without delay upon the recommendations of the secretary-general mentioned above, including in particular any recommendation for the possible establishment of a

Kwik Save

A shake-up for Perrier

1988 1989 1990 1991

an interim dividend which last

year cost £45m, they need a

picture not only of MCC's true

profitability but of the financ-

ing needs of the private side.

Very probably, they are not yet

playing a dangerous game.

well, like those of Mr George

in their hero's legacy. The for-

of £291m, the much less com-

plicated Brent Walker is now

Kwik Save's full-year figures

showed that its discount food

retailing formula is still work-

ing nicely. Not only did earn-

ings per share grow by 22 per

cent last year, but 8 per cent

volume growth in the second

half suggests the performance

might be repeatable in the cur-

rent year. Kwik Save also gen-

erates enough cash to fund

most of its expansion and still

rise in the shares was much

like the hesitant move in

Argyll's shares the previous

day. As competition intensifies

among the big food retailers.

the temptation to chase sales

growth by discounting is visi-

bly increasing. Without that

growth, many stores will gen-

erate insufficient return on

investment, with unpleasant

consequences for the whole

industry. The question is how

such discounting will affect

Kwik Save and how it should

respond given its already thin

margins. Arguably, it is vul-

nerable to competition as

much from the likes of Asda.

But yesterday's 4.5 per cent

worth just £8.8m.

Kwik Save

has nil gearing.

Yesterday's announcement

clear on either

Yesterday's suspension of Exor, owner of tasty morsels like the Chateau Margaux vineyards and a 34 per cent stake in Source Perrier, raises the prospect of a new shake-up in the European food and drinks industry. The odds on this would certainly shorten if the Paris market turns out to have been right last night in assuming that the Agnelli family is behind a bid.

The Agnellis' international

holding company, Ifint, is already known to have a 20 per cent stake in Exor. It may by now have crossed the one-third threshold which under French law triggers at least a partial takeover. Understandably, most of the attention after yesterday's announcement was concentrated on Perrier, which leapt more than 3 per cent on an otherwise dull day. The Agnellis have powerful friends in the French business establishment and are particularly close to BSN. The idea of some tie-up between Perrier and BSN, a proven manager of international brands including Perrier's main competitor Badoit, has obvious appeal, though it would surely arouse the scrutiny of competition authorities in Brussels and elsewhere. There has also been speculation in the brewing industry that BSN may be ready to sell its Kronenbourg beer interests.

If the hid for Exor does turn out a partial one, investors may need to keep their wits about them. A fresh example of French treatment of minority shareholders came this week with the partial bid by Pinault for the Au Printemps stores group. Under local takeover law, companies normally have to launch a full bid if they acquire more than 50 per cent of the target. Pinault, however, has artificially dabbled with voting rights, conjuring up a 40 per cent stake where a controlling interest existed before. It looks like an interesting challenge for the Paris stock

Maxwell

exchange authorities.

The abruptness of Maxwell Communication's postponement of its interim figures is so reminiscent of the founder as to be almost an act of homage. Certainly, yesterday's 18 per cent drop in the MCC share price suggests that the market is bracing itself for the worst. The problem, however, may be more mundane. Effective control of MCC now lies with the bankers to the Maxwell private interests. Before deciding whether MCC should pay out

with its much larger product range, as from rival discoun FT-SE Index: 2,447.5 (-24.0) ers like Aldi. Kwik Save wi doubtless carry on its busines in the hope that others wi eventually choke on their Share price relative to the higher costs. Even so, its for

industry as a whole.

Unigate

Unigate's figures confirm the impression of a shrinking busi ness in search of direction After the slight fall in underly ing interim profits, the group will be lucky in the full year to match the £83m before tax made in 1986. Meanwhile, dela in the planned disposal of the disastrous chicken venture justified on grounds of a stron balance sheet. But the strength was achieved by sel ing half of the milk business. is the more awkward that th remaining half was the stroi gest profit contributor in thes

tunes are bound up with th

ligures. Meanwhile, Unigate is le demonstrates that, in pushing with a rag-bag of other bus up the MCC price by more than nesses, from US restaurants 50 per cent in the previous two days, the speculators were commodity cheese manufa ture, which have little appa ent logic. The milk busines Admirers of Mr Robert Maxthough attractive enough, declining in real terms. The Walker, will always have faith one desirable asset, chille dairy products, is too small: mer might reflect that whereas MCC still has a market value relation to the whole. The ma agement is doubtless capab of cutting the business back a more efficient base. It has y to demonstrate where resume

growth is to come from. Competition policy British Steel and Thysse could be forgiven for believing in a Brussels conspiracy. On days after sanctioning FFr2bn French governmen investment in Air France, t European Commission gave blessing yesterday to the pu chase by the state-owned bar Credit Lyonnais of a 10 p

cent stake in the French ste

maker, Usinor Sacilor.

Both deals have arous unease among European co: petitors. But the idea that the decisions to clear them refle a softening of the Brusse stance on state aid - a sop Paris after its rebuff over Havilland perhaps - looks fa fetched. The key test whether a private invest would behave in the same w. as governments has alway been subjective and subject a certain amount of horse tre ing. What is clear at this star though, is that the French have proved inventive in stru turing their deals in a way th

encourages EC approval

White House backs down from forcing special sitting in December | UN prepares Yugoslavia

UN Correspondent in New York

an international peacekeeping However, the council

Croatian leaders in Geneva last Saturday after talks under his

lengthy private consultations which reconciled views of the EC members and non-aligned states led by India and Romania, the council strongly urged the warring Yugoslav factions to comply fully with

The new resolution expresses the Security Council's hope that as a result of further peace making efforts Mr Javier Perez de Cuellar, the secretary general, "can present early recommendations . . including . . . the possible establishment of a United Nations peacekeeping operation in

United Nations peacekeeping operation in Yugoslavia".

Mr Vance is expected to leave for Belgrade on Saturday. Now that the Belgrade government has itself requested a peacekeeping operation and that the council "act promptly and take the necessary decision" it appears that if only the ceasefire can be made to hold the UN should be able to move expeditiously.

Kohl holds out hope

Continued from Page 1

election year ahead.

these subjects would become Community subjects after a delay of five or six years". On the European parliament. he said latest indications suggested agreement on only two modest steps towards greater powers. "I would say, wither two steps than no steps at all. Let us make a first step which is possible from 1994. and on this basis at a later stage hand over further rights for the legislative period after

The German-French defence initiative in layour of a more independent European policy was in the same category. he with it every member of the

Although Italy has played a low-key role in the run-up to discuss with them what was Maastricht, Mr Major's meeting with Mr Andreotti in Rome carried a special significance.

The talks with Mr Andreotti followed a meeting on Tuesday in Brussels of the six EC Christian Democrat leaders mapping out a common strategy for Maastricht. British officials yesterday indicated that the constructive and friendly tone of the Andreotti-Major talks should help to ensure that Britain was not again

"ambushed" by a common

Christian Democrat front as

happened last year to Mrs Mr Major said: "There is no doubt in my mind that the ladministration originally Christian Democrat leaders of the Community want an agreement at Maastricht that carries Community - they all under-stand that very well... I will

said there (in Brussels) and

what the implications of what

was said there may be."

Khmer chief driven out

Continued from Page 1

cit reduction agreement.

In an interview carlier this year, Mr Khieu Samphan said the Khmer Rouge's programme was to "let bygones be bygones", but vesterday's violence makes it clear the Cambodian people have not forgot-

Fears for the future of the Cambodian peace accord. signed in Paris last month, were voiced during yesterday's disturbances by Mr Hun Sen, prime minister in the caretaker installed by Vietnam. called on the attacking crowd to "stop doing this, or the Khmer Rouge will go back to Bangkok and the peace settlement will be finished"

Mr Khieu Samphan is due to be one of two Khmer Rouge members of Cambodia's Supreme National Council

(SNC), an umbrella organisation grouping the country's various factions, which is supposed to co-operate with the United Nations and prepare for elections in 1993.

Prince Norodom Sihanouk the former monarch who heads the SNC following his own return from exile, yesterday asked the Thai government to arrange the next SNC meeting in Thailand so that the Khmer Rouge could participate. The council had been due to meet in Phnom Penh. While few Cambodians seem

likely to regret the humiliation of Mr Khieu Samphan, there are fears that the isolation of the Khmer Rouge may encourage it to continue its struggle for power on the battlefield. A number of leading figures in Cambodia, including Mr Hun Sen, had links with the

former Khmer Rouge regime.

Without us, they wouldn't have been fighting fit.

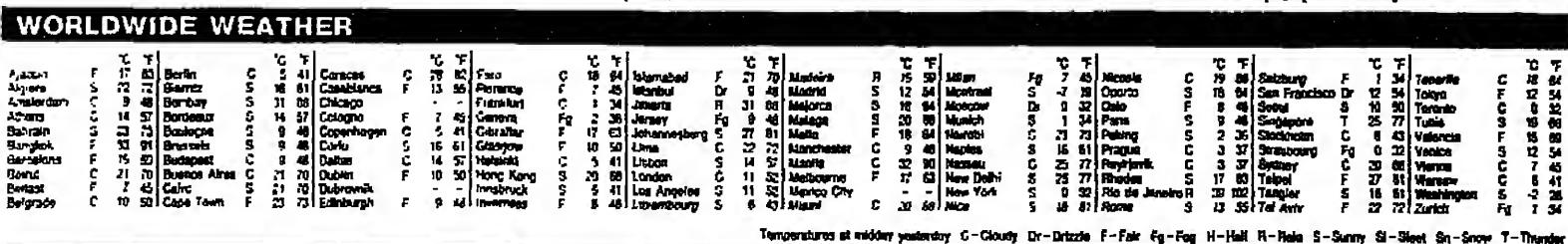
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during Operation Desert Storm. Titeflex fault-free fluid carrying systems and John Crane fault-free mechanica sealing products helped to ensure equipment dependability in aircraft, ships and tanks.

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INSIDE

Water group appeals over regulation



recently-privatised UK water company, issued a strongly-worded appeal for separation between politics and the regulatory regime as it unveiled half-year results which it said were affected by the UK recession, it has been forced to reduce next year's price rise. Mr

North West Water, the

Dennis Grove (left), chairman, sald: "I am fully justifying further cost increases and believe the reduction for next year is recession related and should be one-off." Page 20

Holding steady



Unigate, the UK food and transport group which in June announced a restructuring of its business, yesterday reported flat profits for the six months to September 30. Page 20



Each Tuesday a crush of curious onlookers at Warsaw's stock exchange peers across makeshift barriers at young brokers performing rituals at computer screens in what was once the Communist Party's headquarters. Back Page SE for Bulgaria by Christmas, Page 19

Better times for NZ farmers

The New Zealand Dairy Board hopes a reason able lift in prices after the worst season for dairy farmers for decades will avert widespread defections from the industry. Page 30

Packer inquiry

An inquiry into the bid for Australia's Fairfax newspaper group by a consortium including Mr Kerry Packer, the entrepreneur, has the power to block or unwind the takeover. Page 18

Aluminium for Chile

in spite of a world glut of aluminium and prices in the doldryms, Noranda Aluminjum, a subsidlary of the Canadian mining and forestry group, has announced plans to build a \$1.5bn aluminium smelter and hydro-electric plant in the far south of Chile. Page 30

Chileans seek bid cash

Enersis, a private holding company of Chilean electricity companies, hopes to raise \$60m from US institutional investors next month to bid in the forthcoming privatisation of Argentina's biggest utility, Segba. Page 18

22 KHD

17 Konica

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Market Statistics

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growth in earnings per share in 1991 would be more than 20 per cent, excluding the charges. Mr Miles said he expected a good year in 1992. The accounting charge is to cover the cost of complying with the Financial Accounting Standards Board's rule 106, which

operations.

requires all US companies to adopt a new method of accounting for the non-pension benefits

of retirees by January 1993.
Philip Morris's charge is relatively modest compared with the charge faced by many labour intensive businesses with ageing workforces, such as car manufacturers.

The charge, to be applied retroticularly in international maractively to the company's reported results since last Jamiary, will mean a \$1bn after-tax charge for the year, or \$1.09 a share. The company said two credit rating agencies, Moody's and

Standard & Poor's, had confirmed that the charge would not affect the company's ratings. Philip Morris said the fourth-

quarter charge at its food group concerned the further consolidation of manufacturing and distribution facilities, quitting unprof-itable business lines, and other related overhead cost reductions. The company said the charge

- totalling \$275m, or 30 cents a share after tax - would mean a \$750m pre-tax saving in five Philip Morris also announced a

programme which will allow it to spend up to \$2bn on buying back some of its 922m outstanding shares. This replaces a scheme which expired this month under which it repurchased 13.3m shares at a cost of \$751m.

The group's shares dropped \$\% in morning trading in New York to stand at \$69% at lunchtime.

RWE in \$890m deal with Consol

By Christopher Parkes in Bonn and Karen Zagor in New York

RWE, the Essen-based conglomerate, is to pay \$890m for a 50 per cent stake in Consolidation Coal (Consol) of the US.

THE FINANCIAL TIMES LIMITED 1991

The deal brings together Germany's largest energy concern and the second-biggest hard-coal mining company in the US, and marks another high point in RWE's aggressive international expansion strategy.

It was struck after eight months of negotiations between Rheinbraun, a wholly-owned RWE subsidiary, and Du Pont, Consol's parent.

Rheinbraun concentrates almost entirely on mining lignite or soft coal and, with sales of DML5bn (\$940m), is one of the smallest divisions in the DM50bn RWE group. Consol last year produced 54m tonnes of hard coal. However, the companies are similar in that most of their output is used for domestic power

generation. Last year Consol

exported only 16 per cent of its production, with Italy as its biggest market in Europe.
RWE, based in the politicallysensitive coalfields of the Ruhr.

where the mining industry is scheduled to shed some 30,000-40,000 jobs over the next few years, stressed it had no plans to change Consol's trading patterns.

Mr Friedhelm Gleske, RWE chairman, said the venture made sense "against the backdrop of worldwide growth in energy

Mr Gieske, who took charge almost four years ago, has been

demand and in light of the fact that hard coal keeps on growing Chemical of Houston. in importance as a primary tricity supplier.
The Consol deal, which takes energy source".

effect at the year end, will be partly financed by a DM200m credited with transforming the

competitors. Some 20,000 jobs are

expected to go next year, but

industry analysts believe larger

numbers will be necessary to

bring the company's overheads in line with its sales expectations.

IBM traditionally has a policy

Yesterday's reorganisation con-

tinues the trend of the past few

of no compulsory lay-offs, which

hinders its ability to cut staff.

group from an introspective energy specialist to an internationally-minded conglomerate with a taste for US businesses. increase in Rheinbraun's capital stock to DM1bn. \$1bn cost-cutting programme, expects to record a one-time gain of 20 cents a share from the sale. Oil and chemicals account for 40 per cent of group sales, against 27 per cent 10 years ago, follow-Although it has had a large

ing the 1988 acquisition of Texpresence in the coal industry aco's German business and this year's \$1.2bn deal to buy Vista RWE is Germany's biggest elecmajor business.

tember 30, coal brought in earn-

Du Pont, in the throes of a results

since 1981, when it acquired Consolidation Coal as part of its \$7.8bn takeover of Conoco oil coal has never been one of its

In the third quarter ended Sep-

because of the colour of its main-

But how much further can IBM

go in restructuring? Describing

the 1988 reorganisation as "a fun-damental change in the way we

do business", Mr Akers said: "If

this works, it will make our

employees more entrepreneurial,

more accountable and more inde-

If it does not work this time,

Mr Akers must be wondering

what he has left to pull out of the

IBM looks for something to pull out of the hat

frame computers).

pendent."

By Alan Cane in London

WHAT, if anything, can Mr John Akers, IBM's beleaguered chairman, have left up his sleeve? The reorganisation announced this week is the third in his seven years in office; more corporate change than IBM has seen since moving in the 1950s from tabulating machines to computers.

Since 1986, the company's share price has remained stubbornly in the doldrums, its profit-ability sliding inexorably downwards and its share of world data processing slipping from almost

40 per cent to around half that Developments in the global computer industry have left the world's largest computer manufacturer exposed as overweight and cumbersome. All computer manufacturers are suffering, but IBM's difficulties are accentuated by its size -

some \$69bn in revenues, 350,000 employees and more than 10,000 different products. Ten years ago IBM introduced

its personal computer, unwit-

tingly opening the floodgates to a tide of technological and commercial developments which are the root causes of today's crisis. Sales of mainframe computers, the bulwark of IBM's revenues and profits, are stagnant. A series of niche markets - notebook computers, workstations, Unix servers, parallel supercomputers - has emerged, each with its own market leader. IBM leads in

years to devolve power to individnone of these fields. ual business units, creating a federation of "Baby Blues" (IBM is It is heavily overstaffed com-

The computer giant's shake-up puts the onus on individuals, writes Louise Kehoe

Key to success in managers' hands

he giant has stirred. International Business Machines, the world's largest computer company, aims to transform itself into a corporate federation of independent business units, each held accountable for its own financial performance and charged to become the best

in its class. Mr John Akers, IBM chairman. this week unveiled plans to hanish corporate bureaucracy. improve efficiency and increase autonomy among the company's many business sectors. The restructuring plan, he said, "will lead to a fundamental redefini tion of how IBM does business' With 1990 revenues of \$69bn, IBM ranks as one of the largest manufacturing companies in the world. The restructuring may be one of the most complex not forced by merger or regulatory

demands. Change will be gradual. It will take "years" for IBM to liberate its business units and dismantle the intricate matrix management structure on which its business empire has been built.

The greatest impact will be among the company's 350,000 employees, who all face uncertainty about how their jobs will be affected.

IBM's reorganisation will also have an impact on the world computer industry. Instead of the monolithic Big Blue, IBM will become the name of a group of companies. Managers of these units will, for the first time, have their compensation tied directly to financial performance.

Each company will be measured against rigorous financial criteria and failure to meet these goals will directly influence IBM's corporate investment deci-

Mr Akers said that an individnal unit's performance would enable IBM to decide whether to retain sole ownership, sell a stake in the operation or completely divest it. "This will give IBM maximum flexibility to decide on the level of investment that it wishes to make in each

segment of the business." IBM's corporate executives will divorce themselves from operating issues to focus on managing the company's investment strategy. By eliminating layers of

By Martin Dickson in New York

PHILIP MORRIS, the US food,

drink and tobacco group, yester-day announced it would be tak-

ing a \$1bn non-cash charge for an accounting change and a \$275m

fourth-quarter charge for restructuring its worldwide food

However, Mr Michael Miles,

chairman, said the group was

continuing to perform well, par-

kets, and he estimated that

IBM shares fall on Wall Street

IBM's share price fell sharply on Wall Street yesterday, los-ing more than \$3 to trade at \$94%, down from a Tuesday close of \$97%.

Several market analysts cut their ratings on the stock citing concerns about inefficiencies that might be created during the corporate reorgan-Although most analysts said

that the steps IBM was taking would eventually make the computer group more nimble and competitive, they predicted that the reorganisation would be disruptive and could have a negative effect on earnings in the short term.

management, IBM hopes to speed decision-making, shorten product development cycles and concentrate each product group's energies on becoming the "lowest cost manufacturer of state-of-theart information systems". The hope is that product managers, freed of internal politics and bureaucracy, will be able to focus energy on beating the competi-

The success of IBM's plans will depend heavily upon the ability of individual managers to make the cultural adjustment from the protected corporate womb to the harsh realities of a profit-driven

environment. Moreover, many questions remain about IBM's plan for greater autonomy.

Business unit managers, given responsibility for financial performance, will inevitably need to have greater sway over marketing and sales. However, these activities will remain the primary responsibility of IBM's geographically organised marketing and service companies, such as IBM Japan or IBM UK.

The product groups' relation-

ships with these sales organisations may become akin to those between manufacturers and independent sellers. Mr Akers offers the example of

IBM Australia, which has focused

Philip Morris takes \$1bn charge

its sales efforts on IBM's work-

station products to the detriment of its mid-range computer line. In this instance, Mr Akers suggests, IBM's mid-range computer group might seek an alternative channel of distribution.

Still unclear, however, is how IBM's product groups will relate to internal suppliers such as IBM's disc-drive manufacturing operations or its huge semiconductor factories. In theory, IBM product groups will no longer be required to buy components internally but will have the right to choose the lowest-cost sup-

There are also areas of potential conflict among newly autonomous IBM business units. Already, for example, high-performance workstations compete to some extent with mid-range minicomputer products. Similarly, adjacent geographic sales and marketing units which liaise on issues such as pricing and distri-bution could run into conflict if they do not continue to collabo-

All of these issues will be worked out "over time", IBM says. Within the next few weeks, however, IBM plans to disclose specific reorganisation plans for some of its business units. "Because each business is different, the degrees of independence will range across a spec-trum," Mr Akers said. He explained that IBM's mainframe computer systems, for example, would require continuing matrix management to ensure co-ordination among related product

range AS/400 product group would have greater autonomy. IBM's marketing and service companies will in future focus on segments of the computer market, with each region determin-ing for itself the best market opportunities. Individual IBM sales organisations will also have the right to combine IBM prod-ucts and services with offerings from other companies, to provide customers with "total solutions

groups. In contrast, IBM's mid-

tailored to their needs' Although many of the changes are continuations of trends of the past few years, IBM's corporate managers now appear ready to take a leap forward by relinquishing control over operational aspects of IBM's business.

known colloquially as "Big Blue" was abow Jones Industrial Average

MCC delays ınterim

By Bronwen Maddox and Robert Peston in London

MAXWELL Communication Corporation, one of two public companies built up by the late Mr Robert Maxwell, said yesterday "it would be appropriate in current circumstances" to delay this morning.

A banker involved in restructuring the Maxwell companies' debt said yesterday: "You should not necessarily conclude that there is a ghastly black hole. The value of MCC will determine whether the Maxwell private company debt can be restructured. So the MCC figures must be absolutely right."

MCC has more than Libn (\$1.8bn) debt, compared with around 2850m in the Maxwell family's private companies. Since Mr Maxwell's death, bankers have been urgently restructuring the private company debt. Some of the private debt is secured on MCC shares, which have recently plunged in value. MCC said it would make a further announcement in two weeks. The shares yesterday fell 10p to 45p on the announcement. Analysts said yesterday the MCC dividend policy could be one factor causing the delay. MCC's dividends are a main source of cash for the private

liquidity crisis. However, a high dividend payout could be an unwanted burden on the finances of MCC. Analysts said another possible reason for the delay was that MCC had indicated it would present the interims on a more straightforward basis than past figures, which had large contri-

Maxwell companies, which con-trol 68 per cent of MCC, and ear-

lier this week needed a £5m

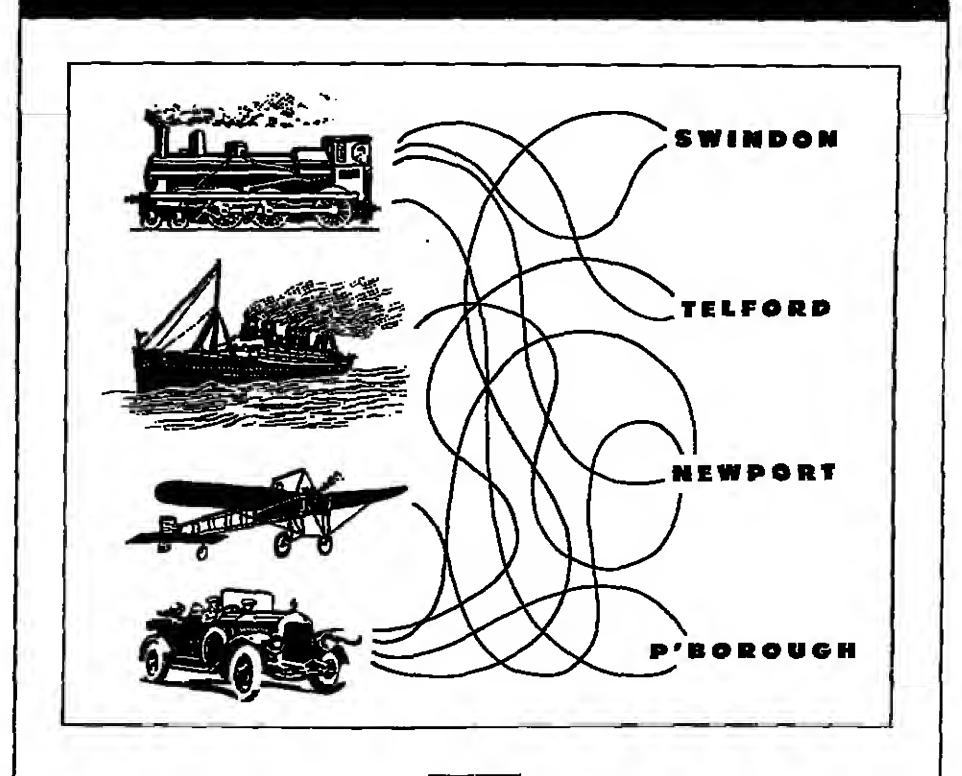
emergency loan to stave off a

butions from one-off profits and Mr Tim Rothwell, media analyst at stockbrokers BZW, sald: From the way Kevin and lan Maxwell have been behaving they want to provide a clear contrast to their father's style. That probably means taking their time to present the results in an

orderly way."

Following the September AGM analysts had sketched in pre-tax profit estimates of £65m-£70m. in the 1990 interims MCC declared turnover of £510m. operating profit of £130.4m and a net interest charge of £40.3m, leading to pre-tax profits of 290.1m. Earnings per share were 10p, covering the dividend of 7p. However, since Mr Maxwell's death, brokers have been reluctant to forecast the results. Lex. Page 14

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INTERNATIONAL COMPANIES AND FINANCE

Bombardier set to control De Havilland Canada

By Robert Gibbens in Montreal

BOMBARDIER, the aerospace and railway equipment group, is expected to emerge shortly with majority control of Boe-ing's loss-making De Havilland Canada (DHC), the Toronto commuter aircraft manufacturer put up for sale early this year by the US company. France's Aerospatiale and

Alenia of Italy, which make the larger ATR series of com-muter planes, have finally withdrawn from the bidding. Their joint bid was turned down by the European Commission for competitive reasons. The commission vetoed a full takeover, arguing it would create a near monopoly in the EC market for small turbo-prop commuter aircraft.

DHC's production level is being reduced by half because which now stand at more than C\$27 to C\$28.

uncertainties over ownership have affected orders. Bombardier is negotiating over DHC with the federal and Ontario governments. The remaining issues centre on DHC's losses, the financing of nearly US\$1bn of future devel-opment costs for new and

larger aircraft, export financing and Ontario government participation. The Canadian Autoworkers' Union, representing DHC's workforce, is supporting the Bombardier takeover.

Bombardier moved into aerospace in the 1980s with the

acquisition of Canadair in Montreal, later adding Short Brothers of Belfast. This doubled its volume and trebled its backlog of orders

US\$5bn. It owns two European heavy transit equipment makers and an Austrian light engine and tram builder, and holds the North American rights to the French TGV train. Delivery delays caused a 7 per cent dip in Bombardier's third-quarter sales to C\$719m, but earnings held steady at C\$21.5m, or 29 cents a share, up C\$100,000 from a year ear-

However, nine-month earnings were C\$70.9m, or 97 cents a share, up 6 per cent from C\$66.8m, or 95 cents, a year earlier. Sales were slightly higher at C\$2.04bn. Bombardier plans to split its stock two-for-one from January 31. The A shares trade around C\$24 to C\$25 and the B shares about

Dow Chemical unit expands

By Karen Zagor in New York

MARION Merrell Dow, the US pharmaceutical company that is 70 per cent owned by Dow Chemical, yesterday said it would acquire Henning Berlin, a closely-held German pharmaceutical company. Terms of the deal were not disclosed.

Henning Berlin, which develops, makes and markets a line of products to treat thyroid disorders, expects to have sales of about \$70m for 1991.

The company's other products include therapies to treat osteoporosis, cardiovascular disorders and inflammatory bowei diseases.

recorded 1990 sales of \$2.5bn. The Kansas City, Missouribased company already has a presence in Germany through Merrell Dow Pharma. The German subsidiary is expected to Rorer will receive \$6.71.. worth

have sales of \$55m this Mr Fred Lyons, president of

Marlon Merrell Dow, said the Henning Berlin acquisition fitted the company's expansion strategy. The acquisition will allow the US drug company to expand its base in Germany and to widen the markets for Henning Berlin's products outside Germany.

• Advanced Polymer Systems of the US and Rhone-Poulenc Rorer have restructured their joint venture in dermatology. Reuter reports. Under the deal, Rhone-Poul-Marion Merrell Dow enc will, among other things,

provide Advance: implymer with a \$2m cash inverseat and forgive a \$1.5m o ...ion, the companies said. In exchange, Rhôn- oulenc

of Advanced Polymer shares at market value. Under the deal, Advanced Polymer will also regain cer-

tain marketing rights to prod-ucts in the prescription derma-tology field and will acquire a manufacturing facility being constructed by the joint Rhône-Poulenc Rorer will continue to fund the development of two dermatology prod-ucts — methotrexate, for psori-

asis, and 5-fluorouracil, for

treating pre-cancerous actinic

keratoses. Also, Rhône-Poulenc Rorer will share co-exclusive marketing rights with Advanced Polymer to methotrexate and 5-fluorouracil, with the companies paying each other reciprocal royalties on net

Rembrandt advance checked by associates

By Philip Gawith in Johannesburg

REMBRANDT Group, the South African tobacco-based conglomerate, advanced amid conglomerate, advanced amid recessionary conditions in the six months to September 30, although its results were curbed by the weak performance of associate companies.

Pre-tax profits rose by 23.5 per cent to R544m (\$196m). The share of profits from associated companies, however, dropped by 17 per cent to R120m. As a result, pre-tax R120m. As a result, pre-tax profit from normal business operations was only 10.7 per

The strong performance before taking account of associates was largely a result of unlisted tobacco interests which normally contribute about 40 per cent of earnings. Analysts said the good performance probably also reflected a strong contribution from unlisted Total SA, the distributor of petrol and oil products, in which Rembrandt

has a 34.4 per cent stake. Profits from associates suffered from lower contributions by Rembrandt's mining investments which are feeling the impact of weak commodity markets. HLH, the food and forestry company, in which Rembrandt has a 33.6 per cent

stake, also performed poorly. Rembrandt sold the bulk of its stake in Standard Bank Investment Corporation for R452.1m cash, recording an extraordinary capital gain of R242.6m.

The dividend was lifted by 20 per cent to 12.60 cents a share on the back of a 24.9 per cent rise to 61.26 cents in earnings - mostly cash - excluding retained income from associate companies.

Varity fails to return to profitability by mid-year

By Bernard Simon in Toronto

VARITY, the international farm, automotive and industrial equipment group, has failed to meet its prediction of a return to profitability by mid-1991 and has warned that it will probably suffer a loss for the year as a whole.

The company, whose prod-ucts include Massey-Ferguson Perkins diesel engines, incurred a loss of \$17.8m, or 91 cents a share, in the three months to October 31, compared with profit of \$22.5m, or 66 cents a share, a year earlier.

Revenues slumped by 19 per cent to \$758.6m, largely due to a steep fall in sales of its European-based diesel engine and

Upjohn supports | Telco climbs strongly doctors facing Halcion actions

UPJOHN, the US pharmaceutical company, has introduced a programme to defend and indemnify US physicians named in lawsuits involving damages allegedly caused by Halcion, Upjohn's popular sleeping pill, writes Karen Zagor in New York.

The company said it would support physicians who had prescribed Halcion accordance with the package

"We've taken this step to reemphasise our support for Halcion and the physicians who prescribe it," said Mr Theodore Cooper, Upjohn's chairman and chief executive.

Halcion, the world's most widely prescribed sleeping medication, has been at the centre of a storm for several months. The drug was recently suspended from marketing in the UK. Norway and Finland amid concern over Halcion's side effects.

businesses. Engine sales fell to \$133m from \$210m. The company ascribed the setback to depressed farm machinery markets, the aluggish UK econ-

Half the third-quarter revenues were generated by Kelsey-Hayes, the Michigan-based automotive parts maker which Varity bought in late 1989 as part of efforts to lower its dependence on farm machinery. K-H posted operating income of \$31m, down from \$42m a year earlier but unchanged from the previous

By R.C. Murthy in Bombay

TATA Engineering and

Locomotive Company (Telco).

India's largest producer of

trucks, advanced strongly in

the first half to September.

despite a recession in the

Sales rose 28 per cent to

Rs13.04bn from Rs10.16bn for

the corresponding period last

year. Operating profits also advanced by 28 per cent to

Rs1.36bn (\$48.8m) from

Demand for commercial

vehicles in India slowed after a

rise in petroleum products

prices. Telco, which had

planned to enter the car

market with diesel-driven

vehicles, delayed the launch of

hatchback estate car until

depreciation of Re300m, against

Rs257.4m, and for tax of

After providing

vehicle market.

early next year.

Rs1.06bn_

In the light of unexpected losses, Varity said it may cut staff levels further, and is couomy and a four-week strike at Perkins.

despite weak market

Mr Victor Rice, chairman, said he was disappointed by the poor market for farm machinery, but saw no sign of an early improvement. He said demand for diesel engines will probably also remain singgish, especially in the UK, Perkins' largest market.

Rs455.5m, compared with

Ra269.8m, net profits emerged at Rs603.8m, up 13.6 per cent

from Rs531.5m. The

government increased

corporate taxes forcing Telco

sidering disposing of some noncore businesses. A special charge to cover these measures is likely in the fourth quarter. Despite pledges to reduce borrowings, long-term debt has depreciation charges, led to 32.7 per cent fall in pre-ta profit to Y5.56bn (\$43m) fo the first half to the end o grown to \$900m from \$793m on

ment sales, and a 9.2 per cen fall in sales of cameras. How ever, sales of disposable can eras rose 30 per cent. The company presumes that the slowing of economic tinuing weakness of the inte national economy will depres sales in the second half. Fo the full year, Konica is for casting sales of Y390bn, u from Y369bu, and a sligh increase in pre-tax profit from

Konica falls

to Y5.56bn

exposure

KONICA, the Japanese came

day reported that current

fluctuations, along wit

increased advertising an

October, writes Rober

Sales for the period rose, I

per cent to Y187.25bn, with

sales to Y70.9bn, a 10.1 pe

cent increase in office equip

Thomson in Tokyo.

Y14.36bn to Y14.5bn. • Nippon Life Insurance Japan will require seven year to turn in a profit at Nev England General Life Insu ance of the US which it plan to acquire, Reuter reports from

to make a higher provision.

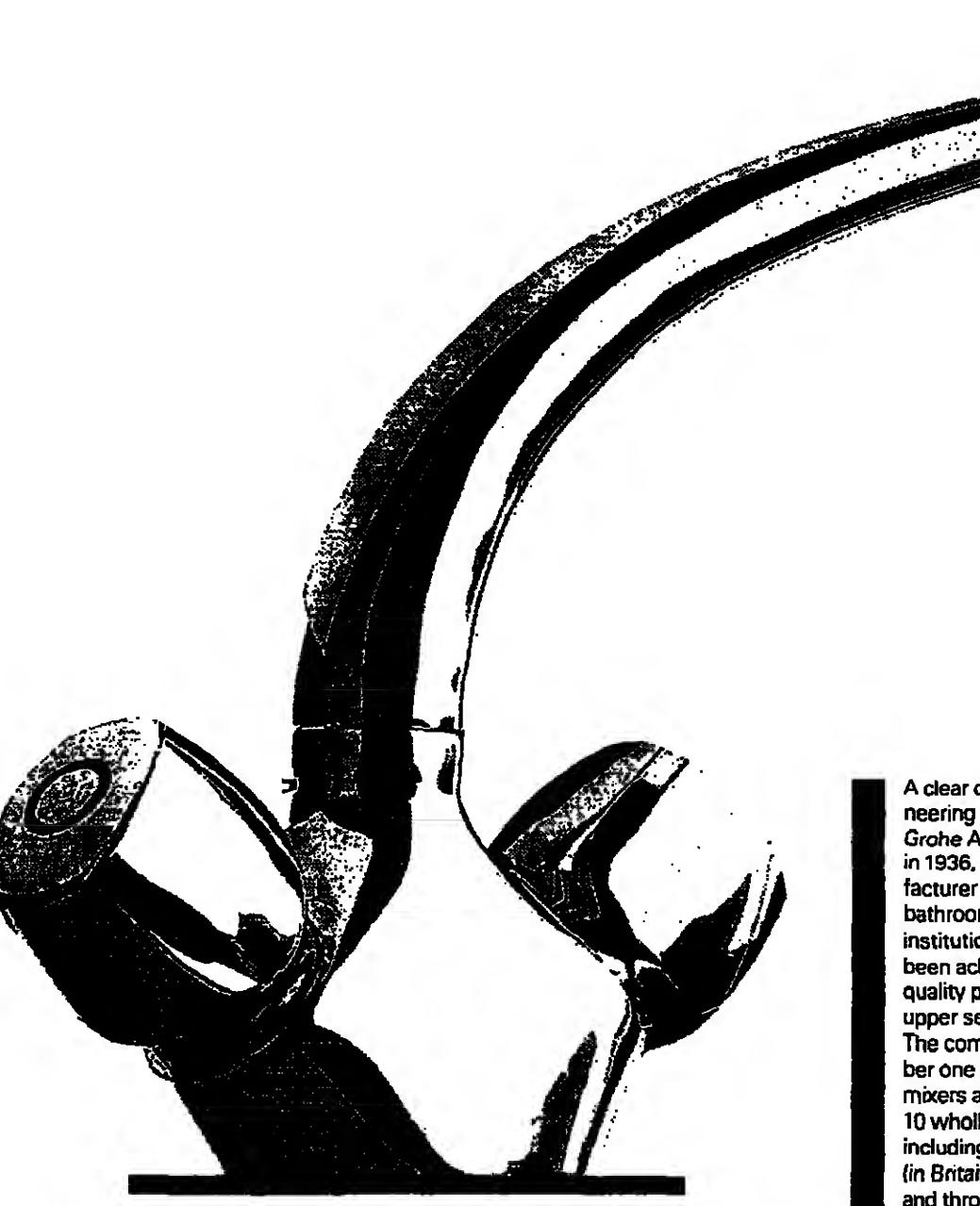
The company hopes to do better in the second half. It plans to focus on exports following the devaluation of "We plan to start IUS unde the rupee in July.

O Pakistan International Airlines (PIA), the national carrier 90 per cent owned by president said. • Mitsubishi Corp. the Jap nese trading company, poste a 31 per cent fall in consol dated pre-tax profits

the government, fell further into loss in the year to June, Reuter reports from Karachi.
The net loss came to Rs334m compared with Rs182m a year earlier, on sales of Rs18.1bn up Y16.95bn for the first half from Rs16.41bn. September from Y24.48bn It will pay no dividend to the year earlier, due to high government but will make a 12.5 per cent payout to owners burden, AP-DJ reports fro of 10 per cent of the shares sold Tokyo. Net profits fell to the public last year. Y30.59bn from Y34.64bn.

Initial Public Offering of shares in Friedrich Grohe AG

Europe's leading tap, mixer and shower manufacturer



This is an investment advertisement by Friedrich Grohe AG ("the Issuer") and has been approved by Credit Suisse First Boston Limited, a member of the SFA for the purposes of section 57 of the Financial Services Act 1986. Commerzbank AG and CSFB-Effectenbank AG are the lead underwriters to the Issuer in connection with its share placement. The lead underwriters and their affiliates may have holdings of those shares. Since the shares are denominated in Deutsche Mark. the return in storling terms experienced by a UK investor will be affected not only by the Company's performance but also by DME currency exchange rates. The price of shares can go down as well as up. The shares may not be suitable for private investors. Persons considering acquiring shares should obtain the advice of their investment advisors and any investment decision must be made solely on the information contained in a Prospectus which is being made available only to professional investors. The company's shares are to be listed on the Frankfurt Dusseldorf Exchanges at the end of the year. Until those listings are obtained, the shares may be difficult to sell and it may be difficult to assess what would be a proper market price for them at any time. The shares are not presently dealt in on a recognised or designated investment exchange.

A clear commitment to design and engineering excellence has taken Friedrich Grohe AG to the top in its field. Founded in 1936, it is now Europe's largest manufacturer of taps, mixers and showers for bathrooms, kitchens, commercial and institutional use. Brand leadership has been achieved by its innovative, high quality product range, targeted at the upper sector of the market.

The company ranks as the world's number one export manufacturer of taps, mixers and showers - working through 10 wholly owned overseas subsidiaries, including companies in the UK and USA (in Britain it trades as Barking Grohe), and through 56 distributors stretching from Australia to Iceland.

The company expects sales to exceed DM 840 million this year – a 20% increase over 1990. Profits before taxes have more than doubled in the past two years. However, past performance is not necessarily indicative of likely future performance. The recent acquisition of Eichelberg and Herzberg has increased manufacturing sites in Germany to four and staff to 4,100. Investing in the most modern technologies for production, logistics and for research - budgeted DM 67 million in 1991 - ensures continued growth and a position at the leading edge of tap, mixer and shower technology.

800

Net sales (DM million)

Enquiries from professional investors only (namely, persons whose ordinary business it is to buy and sell shares or debentures (whether as principal or agent)) should be directed to:

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INTERNATIONAL COMPANIES AND FINANCE

Konica falk on currence --

La restant de la Evidencia

Full bid for Au Printemps ruled out Klöckner

By William Dawkins in Paris

PINAULT, the French timber-to-furniture retailing company, yesterday insisted that it would not enlarge its FFr5.28bn (\$977.7m) bid for two-thirds of Au Printemps to include all the Parisian stores company's shares.

Mr. François Pinault, group chairman, said he could not afford to make a full bid for Au Printemps, valued at FFr8bn, despite pressure from minority shareholders who want to be able to sell all their shares in the store group, rather than be scaled down in a 66 per cent offer. He planned asset sales of FEr4pn to FFr5bn over the next. two years to curb

details terms

of shares sale

CHRISTIAN Dior, the prestige

French fashion house, yester-

day published the terms under

which it is to sell 1.92m shares

worth FFr787m (\$146m) to the

public, writes William Daw-

The shares, representing 6.1

per cent of the group's equity, will be sold at FFr410. This is

14.6 times historic earnings and capitalises Christian Dior

at FFr12.9bn. Of the total, 1.3m

shares will be floated on the

Paris cash market, while the remaining 620,000 will be

placed internationally.
Dior is 55 per cent controlled

by subsidiaries of Financière

pany of Mr Bernard Arnault, who also controls the LVMH champagne to luggage luxury

The shares for flotation are

Agache, the main holding com-

kins in Paris.

goods business.

at Lanvin for 14 years.

test of two-year-old French takeover rules, under which any investor buying more than a third of a company's shares must bid for two-thirds of the group, and does not need to launch a full bid unless it buys more than half the shares. Mr Pinault said that, because Pinault has only bought a 40.56

temps, it was only obliged to launch a two-thirds bid. However, stockbrokers and minority investors have pointed out that the stake, bought from Maus-Nordmann, a Swiss holding group, until last week carried 56.4 per cent of the votes because some of Pinault's mounting debts. the shares had automatically The controversy is the latest acquired double voting rights

per cent stake in Au Prin-

because of the length of time for which they had been held Maus-Nordmann made the double voting rights expire by selling the shares to one of its subsidiaries before selling them to Pinault. This ensured that the French group obtained less than 50 per cent of Au Printemps and without the obligation to launch a bid for all the outstanding shares.

Mr Pinault admitted to a French newspaper yesterday that "if they had held on to them (the shares), we would have passed the 50 per cent vote mark". Maus-Nordmann had insisted on the transaction as a condition of sale, he said. He therefore saw no reason under French law why he

should make a full bid. Stockbrokers have criticised Mr Pinault's plans to finance most of the takeover by selling Conforama, his furniture retailing subsidiary, to Au Printemps for at least FFr4.5hn. This would saddle the store group with debts, likely to affect its share price to the disadvantage of the remaining minority shareholders, said analysts. However, Mr Pinault argued that Au Prin-

temps would benefit from owning Conforama. The final arbiter will be the Conseil des Bourses de Valeurs, which was yesterday Mr Kirchgässer told awaiting formal notification of journalists. the offer terms. It then has five days to make a ruling.

Christian Dior AWA may have to lift Spanish bid

By Peter Bruce in Madrid

ARJO WIGGINS Appleton, the Franco-British paper group, is likely to be forced to raise its £23m (\$41.17m) bid for Corporacion Commercial Kanguros, the Spanish paper trader, after running into resistance from the Kanguros board and its

A statement yesterday by Mr Aurelio Alcalde, Kanguros' chairman, said the board had been holding talks with AWA at the bidders' request, "which indicate they will consider a substantial improvement in their offer",

The AWA offer of Pta2,700 a share last month carried a premium of about 13 per cent on the value of the Kanguros

stock, but the shares are now close to the offer price. Nevertheless, an independent valuation of the Kanguros group after the initial bld said the group was worth at least £31m. The valuation was made for Kanguros' local advisers,

BBV Interactivos, by the Axel Group, which said in its review that the shares were worth between Pta3,600 and Pta4,200. Axel Group said its valuation was based on discounted cash flow, comparable companies, transactions in the same sector in the European Community, and debt capacity.
"The AWA offer significantly undervalues Kanguros and cannot be recommended to

shareholders," the report said. "In the next five years Kanguros is likely to double its sales and profits. Kanguros is one of Spain's

leading stationery producers and paper distributors, with expected sales of Pta10.3bn (\$101m) this year. The company is 20 per cent owned by Gaspard, the large French distributor of office consumables. Mr Alcalde said the AWA bid had already sparked interest in the company from competitors. They are likely to include Unipapel, the Spanish market leader in paper distribution.

Consumption of writing paper in Spain increased by 12

Tate & Lyle profits advance 7.6%

By Guy de Jonquières, Consumer Industries Editor, in London

being sold by one Japanese and six French institutional inves-IMPROVED efficiency and lower financing charges helped Tate & Lyle, the world's largest Separately, Mr Arnault announced yesterday that sweeteners group, increase pre-Christian Dior would next year take on a new menswear tax profits by 7.6 per cent to £234.6m (\$419.93m) from £218m designer, Mr Patrick Lavoix in the year to September 28

former designer of menswear Mr Neil Shaw, chairman, said continuing businesses showed underlying growth, Dior would continue its haute couture business, despite and overall margins increased the decline in the number of to 8.7 per cent against 8.1 per clients and rise in costs of cent last year.

Spending of £134m on capital investment programmes and £186.3m on acquisitions and strategic holdings contributed to a £149.5m rise in net borrow-

ings over the year to £553.7m, while gearing rose to 75 per cent from 69 per cent. However, interest charges fell to £79.8m from £95.6m and interest cover rose to 5.7 times profit before interest, against 4.6 times a year ago. Mr Shaw said the strength of the company's cash flow would enable it

to continue to deliver above-

average growth.

Adverse exchange rate movements, depressed commodity trading activity and disposals lowered turnover to £3.26bn from £3.44bn. These chiefly affected results

Registered Office:

13th Floor Menara PNB 201-A, Jalan Tun Razak 50400 Kunla Lumpur

in North America, where the Staley cereal sweeteners and starch business earned record profits before interest of \$78.2m (£44m), compared with \$172.3m. However, in sterling terms, profits were flat at £100m on turnover of £677.1m, down from £683,8m.

Cereal swesteners also held up well in Europe, where CST's profits before interest rose to £51.1m against £46.8m on sales of £458.7m, up from £447.7m. A final dividend of 7.5p was declared, bringing the total for

the year to 11.2p against 10p.

forecasts lower

KLOCKNER-Humboldt-Deutz, the German engineering group, is "walking the tightrope", says Mr Werner Mr Kirchgässer, the new chief

The company would make a smaller profit this year than the DM30m (\$19m) reported in 1990, and it would be 1994 before "we earn real money".

Profits would have to increase to between DM100m and DM150m before KHD could pay a dividend, he

Meanwhile, group prospects were given a lift by the signing at the weekend of contracts worth DM600m to supply plant and equipment for a \$1.4bn aluminium works being built at Bandar Abbas in

KHD Humboldt Wedag, of Cologne, won the DM500m order for anode manufacturing and handling. Gautschi Electro-Pours, a Swiss subsidiary, would provide foundry equipment. Mr Kirchgasser said

guarantees for half the total were being arranged with Germany's Hermes credit guarantee organisation and the balance would be covered by KHD's foreign subsidiaries. The group, which last year made its first profits since 1986, expects sales for 1991 to rise 2.3 per cent to DM4.15bn, compared with the planned

increase of 5 per cent.

Mr Kirchgässer said turnover fell 2 per cent in the first half, but after restructuring, "KHD is

buzzing again." However, key markets for the group's main products engines and agricultural machinery - were hardly growing, he said. KHD depends on foreign

sales for more than half its The engines divisions will make losses this year, and farm products should break even as better sales of combine harvesters cancel out the slump in tractors. KHD depends on foreign

sales for more than half its

operate on a basis similar to a annual turnover.

Merger could follow link between Interpolis, AVCB

By Ronald van de Krol in Amsterdam

INTERPOLIS, the insurance subsidiary of Rabobank, the Dutch co-operative bank, said yesterday that it would establish a cross-shareholding with AVCB, a fast-growing Dutch mutual insurer, as the prelude to a possible full merger in two years' time.

A merger would produce a mutual insurance group with annual premium income in the Netherlands of F15.5bn (\$3bn). This would put it behind the market leader, Nationale-Nederlanden, which is part of the banking and insurance group Internationale Nederlanden, and ahead of Aegon and Amev.

However, these three other

prospective merger partners, are all bourse-listed - are sub-Interpolis in order to strengthen its insurance busistantially bigger than Interpolis-AVCB if premium income generated abroad is included.

As a first step, Interpolis and ness. It is prepared to give up nearly half of the company in order to strike a far-reaching alliance with AVCB, which was itself the product of a AVCB, which is the slightly bigger of the two, will merger in 1990. exchange cross-stakes of 20 per cent and begin talks on a full merger. Rabobank's ultimate share of the merged insurance

company is expected to be slightly less than 50 per cent. The proposed transaction marks a change of strategy in Rabobank's pursuit of "All-Finanz", the combining of banking and insurance activities in a broad financial ser-

vices group.

Officials of Interpolis and AVCB said a merger would create a flexible group with three distinct distribution channels - direct writing, sales through Rabobank and business brought in by independent

insurance agents. The merger would also enable the group to expand overseas and to meet the increasing competition on the domestic Dutch market from

Accor data passed to investors

In its reply to the questions.

Accor says no decisions have

yet been taken on the future of

Wagons-Lits. However, the

share of that investment to

By Andrew Hill in Brussels

ADDITIONAL information supplied by Accor, the French hotels group, about its bid for Wagons-Lits will be passed on to other disgruntled investors in the Franco-Belgian travel company as ammunition for their court cases against the

A Brussels court told Accor on Monday to answer 22 questions from institutional investors, which are unhappy with the offer price of BFr8,650. The investors said yesterday they were not satisfied with several of the answers, but had decided to pass the data on to two other groups of sharehold-

French company discloses that Société Générale de Belgique - the Belgian holding company which is a minority partner in the bid - has a risk-free investment in Wagons-Lits. The two companies bought a joint stake of 27 per cent in the Franco-Belgian group in June 1990, but La Générale has retained an option to sell its

Brussels tomorrow.

ers, who begin court cases on Accor at the original price of BFr12,500-a-share at any time the substance of the bid in before June 1993. Accor will also reimburse La Générale for its expenses, if it exercises the put option The dissident shareholders

claim that control of Wagons-Lits changed hands in June 1990, a charge which the French group denies. Accor says in its response to the shareholders that la Générale wanted to be sure that it could sell out of Wagons-Lits

without taking a loss if it eventually decided that business was not part of its strategic

BZW in Czech venture

By Arlane Genillard in Prague

BARCLAYS de Zoete Wedd (BZW), the investment banking offshoot of Barclays Bank, and John Govett, an independent investment group, is linking with Komercni Banka, one of Czechoslovakia's leading commercial banks, to advise it on forming an investment

The fund, which is expected to be one of the largest in Czechoslovakia, will invest in companies being privatised under the country's economic reform programme, and will

UK closed-end mutual trust. Under the plan, an estimated Kcs300bn (\$10bn) worth of equity will be distributed to Czechoslovak citizens in the form of vouchers early next year. These vouchers will become tradeable shares once the privatisation process is

More equity is also planned in a second phase next year. Bankers, company managers and individuals able to raise Kcs1m have already created privatisation investment funds

to invest the vouchers.

NEWS IN BRIEF

■ MR SILVIO Berlusconi has been named a board member of AME Finanziaria, the holding company that controls publisher Arnoldo Mondadori Editore. Reuter reports from

Milan. AMEF, which plans to merge with Mondadori, is controlled by Mr Berlusconi's holding Fininvest. THE NUMBER of bankrupt-

cies in Finland rose 78 per cent to 4,387 from 2,466 between January and September compared with the same period in 1990, according to the Central Statistical Office, Reuter reports from Helsinki.

na

mounting collections, said Mr

Arnault. Houte couture was an

affordable and necessary

Christian Dior's size, he said.

Golden Hope Plantations Berhad

(Incorporated in Malaysia)

Tun Ismail bin Mohamed Ali (Chairman) Date Abdul Khalid bin Ibrahim Zain Azahari bin Zainal Abidin Mohammad bin Abdullah Howe Yorn Chang

Dr. Ng Chong Kin Abdul Rahman bin Ramli To the Members,

> INTERIM REPORT FOR THE SIX MONTHS TO 30TH SEPTEMBER, 1991

The Directors announce that the unaudited results for the six months to 30th September, 1991 were:

M\$'000 MS'000 190,778 24,049 Turnover.... 2,675 Investment and other income 3,017 2,928 24,870 Operating profit Associated Companies 5,378 2,928 30,248 Profit before taxation (See Note 1) 996 Taxation 11,595 16 1,319 Profit after taxation but before 18,653 59 extraordinary item 29,612 1,187 Mimority interests 1,932 291 17,466 28,988 156 (100) Extraordinary item (See Note 3) Profit attributable to 17,622 64 28,988 Company NOTES 1990 MS'000 1991 MS'000 M\$'000 1) After charging 1,861 1,371 2) Taxation includes 1,319 Associated Companies

3) The extraordinary item West Malaysian tax credit 4) There were no pre-acquisition profits included in the results for the half year. Group 9.8% Group 12.2% Profit after taxation but before extraordinary item as a percentage of turnover.

Profit after taxation and uninority interests but before extraordinary item as a percentage of shareholders' funds..... Net earnings per share (in sen).....

The substantial increase in profit is mainly attributable to higher prices and to a lesser extent higher sales volume of palm products. Our property operation has also started to contribute towards the profit of the Group. Plantation profit in the second half year should increase significantly with the expected increase in commodity prices and sales volume. In addition, our property operation will continue to contribute to the Group's profit.

HARVESTED CROPS - TONNES

590.504 FFB ,.... 119,861 35,381 19,206 3,958 3,223 3,327 Copra......

COPIES OF THE COMPANY'S INTERIM REPORT A copy of the Company's Interim Report will be posted to shareholders on 2nd December, 1991. Copies will also be available from the Company's registered office and the Branch Registrar, Barclays Registrars, Bourne House, 34, Beckenham Road, Kent BR3 4TU, United Kingdom.

KUALA LUMPUR, 27th November, 1991

By Order of The Board North binte Abdul Samad **PANTHER LTD** Series A US\$68,500,000 Secured Floating Rate Notes due 1995

Yes 10,000,000,000 aggregate principal amount of ASUK-COER Finance N.V. 51/2 per cent. Variable Redemption Amount Notes due 1995 guaranteed

by Algemene Spaar-en Lijfrenekas / Caisse Generale d'Eparent et de Retraite. For the six months November 25, 1991 to May 26, 1992 the Notes will carry an interest rate of 5.22% p.a. The coupon pertaining to each Note of US\$100,000 for this interest period

payable on May 26, 1992. Listed on the Luxembourg Stock

will be US\$2,653.50 and will be

IBJ International Limited

SKOPBANK ¥5,000,000,000

Fixed Rate Nikkei-Linked Notes due 1991 (the "Notes") Issue Price 100% per cent Notice is hereby given that the redemption amount for the Notes was fixed on Monday, 25th November, 1991 at 4 1,569,550 per each of

¥ 10.000.000 nominal amount of Notes pursuant to Condition

The Mitsubishi Bank, Limited Calculation Agent

5. (c) of the Notes.

ECU 200,000,000 Caisse Centrale de Cooperation Economique Floating Rate Notes due 2005 For the period from November 28, 1991 to February 28, 1992 the Notes will carry an interest rate of 10%% per amoun with an interest amount of ECU 259.56 per ECU 10,000 and of ECU 2,595.49 per

be February 28, 1992. Agent Bank: Banque Paribas Luxembourg Société Anonyme

The relevant interest payment date will

Waste Management Survey In the Waste Management Survey published in this newspaper on Tuesday, 26th November 1991, Shanks & McEwan stated that It had 200 m M² of air space suitable for waste disposal. For the purpose of clarification, Shanks and McEwan confirms that this floure includes currently available planned and licensed

airspace, together with access to

further airspace on terms to be

agreed at future dates with third

perses.



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Tel: (39-6) 5959.1

The contents of this statement, for which the directors of IMI are solely responsible,

have been approved for the purpose of Section 57 of the Financial Services Act 1986

by Price Waterhouse S.a.s. as an authorised person.

Internationally the IMI Group provides financial services through the following main subsidiaries:

MABON Securities Corporation (Member of the NYSE)

Tel: (1-212) 7322820 Turis A.G.

(Zurich) Tel: (41-1) 2014477

IMI Bank (Lux) S.A. (Member of the Luxembourg Stock Exchange) Tel: (352) 4045751

IMI Bank AG (Member of the Frankfurt, Berlin & Düsseldorf Stock Exchanges) Tel: (49-69) 7191170

IMI Securities Ltd (UK) (Member of the London Stock Exchange) Tel: (44-71) 2836264

IMI Capital Markets (UK) Ltd (Member of the SFA) Tel: (44-71) 2836264

IMI INVESCO Ltd (Member of IMRO)

Tel: (44-71) 6263434

IMI - CPR Finance S.A. (Maison de Titres in Paris)

Tel: (33-1) 48011888

ROHEAG

Question mark over Packer bid

Kevin Brown on the doubts raised by Tourang's offer for Fairfax

HE announcement of an inquiry into a bid for Australia's Fairfax newspaper group by a consortium including Mr Kerry Packer produced a collective sigh of relief among his countrymen concerned that he may interfere in the editorial policy of the papers.

The inquiry, launched by the Australian Broadcasting Tribu-nal, will consider the extent of Mr Packer's influence over Tourang, the consortium in which he is a 14.9 per cent partner with Mr Conrad Black, the Canadian proprietor of the UK Daily Telegraph group, and Hellman and Friedman, the US merchant bank.

If the tribunal decides that Mr Packer could exercise control of Fairfax, either directly or through associates, it has the power to block or unwind the takeover, or to order Mr Packer to dispose of his controlling interest in Australia's Channel Nine TV network.

Commentators seized on the inquiry as evidence that Tourang might fail to win the race for Fairfax because of the risk that it might be unable to com-

plete the purchase. That would increase the chances of the two rival consortia - Mr Tony O'Reilly's Australian Provincial Newspapers, and Australian independent Newspapers, which represents a group of domestic financial institutions.

All three consortia have bid around A\$1.3bn (US\$1.03bn) for Fairfax - publisher of the Sydney Morning Herald, Australian Financial review and The Age in Melbourne - which was put into receivership its banks last year.

CLOSED DOORS.

Tourang claims the inquiry is irrelevant because its bid is structured so that it places the completion risk on the consortium rather than the receiver. Mr Packer has also rejected claims that he wields hidden influence over Tourang.

But the most interesting question raised by the response to Tourang's bid is why Mr Packer terrifies so many journalists and politi-cians, especially since he has never owned a leading newspa-

Eyebrows were also raised in the UK last week following market rumours that he might bid for the 51 per cent of Mir-ror Group Newspapers (MGN) owned by the late Mr Robert

However, the concerns are most intense in Australia, where the Fairfax bid is being fought by a bizarre coalition including two former prime ministers - Labor's Mr Gough Whitlam and the conservative Mr Malcolm Fraser - who have never previously been known to agree about any-

Superficially, the critics are objecting to the possibility of increased concentration of media ownership. But the real objection is to Mr Packer's aggressive style, and fears that he would intervene in editorial policy, ending the freedom currently enjoyed by Fairfax jour-

His father, Sir Frank Packer, was a noted interventionist when he ran the Sydney Daily Telegraph, then the main competition to the Fairfax Press. The Telegraph was sold to Mr Rupert Murdoch before Mr Packer inherited control of

BCCI: BEHIND

CLOSED DOORS

In August the FT assigned a special team to under-

take a three-month investigation into BCCI - the

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Kerry Packer: has never owned a leading newspaper Consolidated Press Holdings, the family company, in the

Mr Packer told a recent parliamentary inquiry into the print industry that he reserved the same right to intervene in the editorial policy of the 100 or so publications currently owned by CPH, which also has extensive industrial interests. However, he also said he was "not interested" in exercising his proprietorial rights over the magazines, which range from teenage "fanzines" to The Bulletin, a news magazine in

the style of Time of the US. It was a claim greeted with a hollow laugh by many journalists, but it is defended by Mr Trevor Sykes, a former editor of both The Bulletin and Mr Packer's Australian Business

"I have been editor of two of his publications over 12 or 13 years . . . and he has never given me an order. He made about six or seven suggestions, but that is a very low level of interventionism," says Mr

"He has an excellent news sense, and if he tells you something is going to happen or someone is going to do something, he is usually right. He did not get all he wanted into print, but he never tried to stop us running anything either, and I never heard a word from him on the occasions when we criticised people who complained to him."

A very different story is told by Mr David Dale, another former editor of The Bulletin, who was fired and escorted from the CPH building by security guards after Mr Packer took exception to a cover story listing Australia's best and worst people.

"There was a sort of hotline system - a great yellow tele-phone on the desk which would suddenly sound with a loud and annoying buzz which was a summons to go and see Packer in his office," says Mr

"You had to drop whatever you were doing for the next hour and go straight over. He operates quite a lot on whims, and if got an idea in his head you had to go immediately to see him."

Mr Dale says The Bulletin and other magazines were instructed by Mr Packer to campaign on a number of specific issues, including the gov ernment's policy of reducing protective tariffs, which had the potential to affect CPH's wide industrial interests. Mr Packer was also strongly

pendent commission set up by South Wales to root out alleged "He said it was a kangaroo court and it was not appropri

opposed to coverage of an inde-

ate for The Bulletin to be running that sort of thing," says nother senior CPH journalist, who pre-

ferred not to be named says most of the company's editors rarely see Mr Packer. "But it is understood in the company that if you consistently write things that are going to annoy Kerry, then you may well find you are on your

Against that, other journal ists point out that Mr Packer was sufficiently annoyed by two recent articles on TNT, the transport company, to issue a statement disassociating himself from the views expressed Yet the journalists involved were not reprimanded, and one has since been promoted.

How Mr Packer would run leading newspaper group remains an open question. But most observers think he would be unlikely to give ideological support to the conservative parties in either Britain or Australia. As Mr Fraser has pointed out

with some bitterness, Mr Packer has worked closely with Australia's federal Labor government led by Mr Bob Hawke, and CPH insiders say his instinct is to cultivate political leaders of all stamps. "It is really a matter of

where his pragmatic self-interest lies," says Mr Dale.

Enersis sets out to scale the Andes

NERSIS, a private hold-ing company of Chilean electricity companies, hopes to raise \$60m from US institutional investors next month to bid in the forthcoming privatisation of Argentina's

biggest utility, Segba. Chilectra Metropolitana, Enersis' main subsidiary, will become the second Chilean company to issue American depository receipts, although, unlike the trail blazing Compania de Telefonos de Chile, it will not be seeking a listing on the New York Stock Exchange. The ADRs, which enable foreign companies to sell equity in the US, will be placed pri-

vately by J. P. Morgan, the US investment bank. Enersis believes it can teach its neighbours across the Andes how to run profitable, privately-owned utilities. It is already helping Segba, which serves Buenos Aires' 11m inhabitants, to reduce electricity theft - key expertise in the power distribution business.

The Argentine utility loses more than \$100m each month as a result of theft and the non-payment of bills. By contrast, Enersis posted a \$130m profit in the first nine months of 1991 - a 25.4 per

cent return on assets. Enersis is interested in the distribution part of Segba, which is expected to be split from the utility's power stations when it comes up for sale early next year. The Chilean holding is talking to potential partners in the US, Spain and France as it is too small to bid

for Segba alone. The key to Segba's profitability lies in a new tariff law being discussed in the Argentine Congress. Enersis executives have also told the Argentine government to expect heavy job cuts.

If Enersis gains control of Segba, it will be repeating the financial coup that allowed it to become the undisputed master of Chile's electricity sector in less than five years.

Enersis is the brainchild of Mr Jose Pinera, a minister in the 1973-1990 Pinochet military dictatorship. Virtually every watt of electricity was privatised in the regime's last years. The sector was divided into distribution and generating companies and their shares sold over a period of years to employees and the general public in a process dubbed "popular capitalism".

In 1987, Mr Pinera and Mr Jose Yuraszeck, another former official of the military regime, devised a way of gain-

Leslie Crawford reports on the Chilean utility's bid to move into Argentina

ing control of an important package of Chilectra shares that were being sold by the government. They persuaded Chilectra

employees to swap their shares for "ownership rights" in two investment companies controlled by Chilectra executives, known as "Chispitas I and 2". These shares were then used as collateral for a \$12m bank loan to buy the government's last remaining shareholding in

In 1988, Chilectra was split into independent units - an electricity distribution company for Šantiago, a real estate company, a computer services company and other smaller offshoots. Enersis was formed as the holding company for them all, with Mr Pinera as its president and Mr Juraszeck as its general manager.

Another \$25m bank loan in 1990 allowed the Chispitas, and hence its executives, to gain control of 33 per cent of Enersis. A few months later, Enersis bought a 12 per cent stake in Endesa, which generates about half of the country's electricity and is the largest and most profitable private holding in Chile

This allowed Enersis to appoint two directors to Endesa's nine-man board, namely Mr Pinera and Mr Juraszeck. Mr Piñera last month resigned from his directorships in Enersis and Endesa to concentrate on his political career.

nersis' predatory tactics has raised concern that it is creating a de facto monopoly in the Chilean electricity sector - a situation which the privatisation of separate generating and distribution companies sought to pre-

The strongest critics are Chilectra's employees, who have seen next to no return on their investment because their share of Enersis' profits has gone to repay the Chispitas bank loans used to finance acquisitions. Mr Marcelo Brito, Enersis' financial director, says work-

ers were warned that their par-

ticipation in Chispitas would

be a long-term investment.

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SA agency postpones issue of Eurobonds

By Philip Gawith in Johannesburg

THE Independent Development Trust (IDT), the South African development agency, will postpone until next year its proposed \$100m Eurobond issue following the withdrawal of support from the African National Congress (ANC). Problems arose in October when the IDT sought to promote the scheme internationally, only to find that the ANC, the leading opposition political grouping in South Africa, no longer

Yesterday, the IDT said: "It appears that, despite the support originally given to the venture, the ANC now regards the inflow of loan funds for a national school programme as being conflict with its policy on financial sanctions." The delay and confusion caused by these events had "impacted on the IDT's capacity to access the markets at this time". Mr Carl Niehaus, an ANC

spokesman, confirmed that the ANC believed financial sanctions needed to be maintained to keep pressure on the government. He said the time to review this policy would be when it was clear South Africa was on the road to a full democracy - a point not yet been reached. Mr Niehaus said the ANC

also had doubts about the details of the IDT's school building programme. The failure of the IDT's issue is an unwelcome hiccup from the point of view of South African institutions wishing to access international capital markets. Investors are likely to remain

political controversy. Crédit Suisse opens office in Moscow

cautious about South African

issues so long as they appear

to be the source of domestic

CREDIT Suisse has opened an office in Moscow aimed at offering advice on privatising commercial trade, Reuter

reports from Moscow. The bank said it had begun advising a handful of Soviet companies, including the massive Moskvich automotive works, on how to make the transition from state to pri-

UK bonds warm to result of £1.5bn gilt auction

By Simon London in London and Patrick Harverson in New York

The auction of £1.5bn 9 per

cent conversion stock matur-

ing 2011 was covered 2.28

times, with the Bank of

£3.4bn stock. Dealers said the

level of cover was encouraging,

suggesting firm underlying

demand for gilts from UK

investors. The long-dated

maturity is not generally popu-

lar with overseas investors.

The two previous gilt auctions

were covered 1.9 and 2.19

The lowest price accepted by

the bank was 93.16, for a yield

of 9.75 per cent. The average

yield for the auction was 9.74

per cent. The 1 basis point

"tail" between the average and

the lowest bid was seen as a

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9.94 per us treasure	7.50 8.00	0 11/01 0 11/21	100-19 100-12	-1/32	7.41 7.97 ids: Loca	7.93	REPUT

London closing, "denotes New York morning session Prices: US, UK in 32nds., others in decimal 8.32 per cent, up from 8.29 per cent on Tuesday. Like many other European markets, the bund market soid off in early trading following a statement by Mr Eduard Shev-

ardnadze, the Soviet foreign minister, which pointed to the threat of a right-wing political backlash to recent reforms. Analysts also noted that provisional inflation data from German länder for November was higher than expected. Yesterday, Bavaria announced that the cost of living had risen at a year-on-year rate of 4.1 per cent during the month. The market had been expecting a

cent, but the regional data suggests the eventual outcome will be higher. These factors, and the weakness of the US Treasury bond market, also hit at other European markets. For example, the benchmark 91/2 per cent 10year French government OAT closed 1/2 a point down on the

short end, as the data failed to

knock the market's hopes of

By midday, the benchmark

30-year government bond was

down % at 100%, yielding 7.961

per cent. The two-year note,

however, was firmer, up & at

The market opened lower on

news of an 80,000 decline in

mitial claims for state unem-

ployment insurance in the sec-

100%, yielding 5.433 per cent.

more interest rate cuts.

national inflation rate of 4 per

sign of strong demand at current yield levels. The only doubt expressed by analysts was the amount of day on a yield of 8.95 per cent. new money drawn into the market by the auction. Yields **ALTHOUGH** early news of a at the 10-year maturity have hig fall in weekly jobless risen by 22 basis points over claims and a strong rise in the past week, suggesting that durable goods orders pushed some investors have been US bond prices lower yesterday switching from 10-year paper morning, prices recovered later to the longer maturity stock. in the session, especially at the

■GERMAN government bond prices fell sharply in late trading, with the market dragged lower by the weakness of US Treasury bond prices and fears of higher domestic inflation.

The December bund futures contract on Liffe was trading at 85.67 by late afternoon, well down from the opening level of 85.95. Volume was a heavy 40,000 contracts.

The 8% per cent cash bund

per cent rise in durable goo orders for October. Both sets data, however, were distort by one-off factors - the jobs numbers by the Veterans' D holiday, and the orders figur by seasonally large defen

Once these factors we stripped out, the underlyi message was still one of wea ness, and bond prices ralli mid-morning on the expec tion that the Federal Research will ease monetary policy or more before the year is out stimulate the economy.

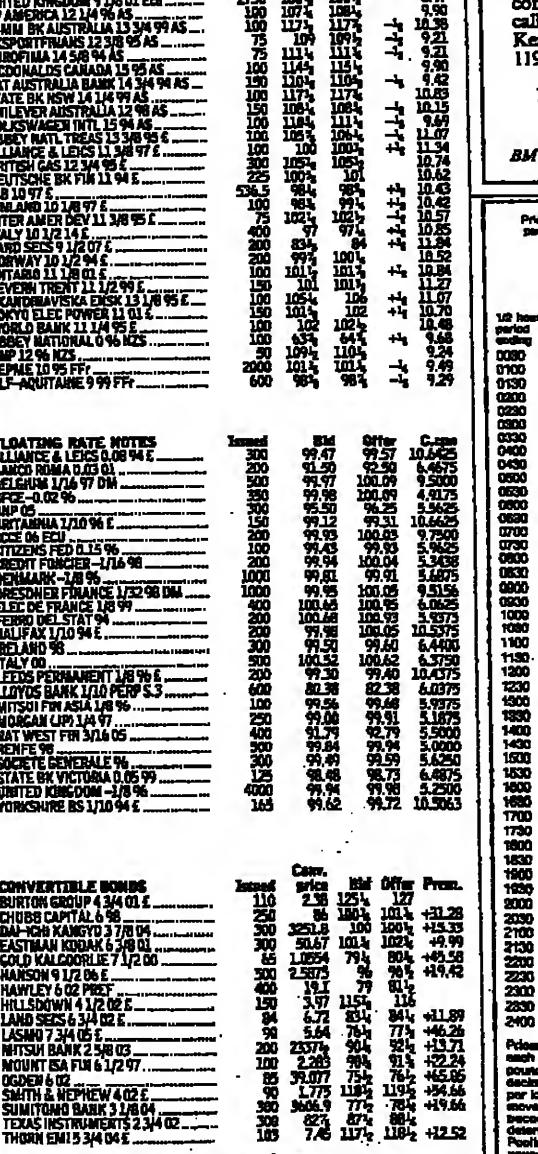
JAPANESE governme bond prices strengthened or night in Tokyo, although tr ing activity remained light sentiment was dominated international factors. The benchmark No 129 is

closed on a yield of 5.885 cent, from an opening level 5.92 per cent. Retail sales data for Octo showed spending increasing a year-on-year rate of 3.4 cent from 2.5 per cent in tember. Analysts commen that the figures had little n ket impact. More likely move sentiment is consu price inflation data due to

released on tomorrow. The market is anticipating slowing of inflation, leading greater pressure for an ear of monetary conditions. • MOSCOW Narodny B can meet all its obligations continue to operate norm Reuter reports from Londo The bank said it had son clarification of its posifrom the Bank of England lowing a communiqué iss

after recent meetings between the Group of Seven and eight Soviet republics.

ond week of November, and a 3 closed at 99.50 for a yield of vate ownership. FT/AIBD INTERNATIONAL BOND SERVICE SCOTLAND Ctg. Ctg. 954 954 954 922 975 9.08 The FT proposes to pub-OTHER STRAIGHTS BAYERISCHE VERENS INT 7 94 LPr COPENNAGEN TEL 8 5/8 96 LFr WORLD BARK 8 96 LFr ABII AMED HOLDING 9 1/4 01 F1 lish this survey on December 13 1991. AUSTRIA 8 1/2 00 BANK OF TOKYO 8 3/8 96 BELGIUM 9 5/8 98 BFCE 7 3/4 97 BMP 8 5/8 94 BRITISH GAS B 3/8 99 CARCO 9 1/4 95 from its print centres ir Tokyo, New York, Frank fort. Roubaix and London It will be read by senio businesspeople and govern ment officials in 16 countries worldwide. It will CREDIT FONCIER 9 1/2 99 DERMARK 8 1/4 94 also be of particular interest to the 130,000 director and managers in the U.K who read the weekday FI If you want to reach the important audience wit your services, expertise c products whilst maintair EEC 7 5/8 94 EAB DB 10 97 ECB FERRO DEL STAT 10 1/8 98 ECB ITALY 10 S/4 00 ECB UNITED KINGDOM 9 1/8 01 ECB BP AMERICA 12 1/4 96 AS COMIN BK AUSTRALIA 13 3/4 99 AS EKSPORTFRIANS 12 3/8 95 AS EUROFINIA 14 5/8 94 AS MEDONALDS CANADA 15 95 AS NAT AUSTRALIA BANK 14 3/4 94 AS STATE BK NSW 1/4 1/4 99 AS UNILEVER AUSTRALIA 12 98 AS VOLKSWAGEN INTL 15 94 AS ABBEY NATL TREAS 13 3/8 95 6 ALLIANCE & LEICS 11 3/8 97 E BRITISH GAS 12 3/4 95 F DEUTSCHE BK FIN 11 94 E SITER AMER DEV 11 3/8 95 C ing a high profile i connection with Scotlan Kenneth Swan on 031 22 1199 or Fax: 031 220 157 37 George Street, Edinburgh EH2 2HN BMRC Businessman Survey 15 Novisional Prior for Prior Priors for T Trading on 20.11.01 on \$1.00.0 15.00 CEPME 10 95 FF? 1051,



6.04 2 Only one market maker supplied a price PLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month fabove mean rate) for US dollars. C.cpn = The purrent coupon.

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ever the most recent price of the sheres. • The Firencial Times Ltd., 1991. Reproduction in whole or in part is any form not permitted without written consent.

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INTERNATIONAL CAPITAL MARKETS

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Issues swamp Eurobond's Canadian dollar sector

By Tracy Corrigen

A FLOOD of new issues swamped the Canadian dollar sector of the Eurobond market yesterday, taking advantage of attractive swap opportunities.
Spain, meanwhile, launched

the largest ever Eurobond offering in French francs, totalling FFr6bn. Most dealers said demand for Canadian dollar securities

remained cautious in the wake of the sharp fall in the bond market earlier this month, and some fitters on the currency. Although the market has since stabilised, some investors are starting to feel that the almost year-long bull run may be over.

The Canadian government bond market firmed in volatile trading conditions as dealers bought government bonds to conjunction with the new Rurobond issues. The Republic of Finland

launched a C\$250m seven-year deal, which was swapped into -fixed-rate D-Marks and Dutch guilders, while a C\$200m sixyear deal for Osterreichische .Kontrollbank, guaranteed by the Republic of Austria, was swapped into fixed-rate yen, according to market sources.
Finland has lost some of its prestige as a top sovereign borrower, due to its sharply declining economy, which forced a devaluation of the markka earlier this month. Its

debt is currently under review

for possible downgrade, and it

is likely to face higher funding

needs next year. In view of

CANADIAN DOLLARS

FRENCH FRANCS

SWISS FRANCS

ESCUDOS

Kingdom of Spain(a)†

Timweit & Wasser(a)t

Nippon Metal Ind.(c) * **

Hotel New Hankyu(a) **

Jinter-American Devt.Bk.(a)†

LUXEMBOURG FRANCS

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Nagaso Brothers Inc.(d) **

Republic of Finland(a)

Oasterreichische K'Benk(a)†

IBM Int. Finance NV.(2)† Calese Cent. Desjardins(b)†

Mortgage Fund.Corp No.5(e);

Mortgage Fund Corp No.5(74)

these problems, the launch spread of 45 basis points above the interpolated yield curve was not considered attractive. The OKB deal was considered aggressively priced at 30 basis points above the five-year curve, but OKB's triple-A credit is among the best in the market, and is well liked by

Also in the Canadian sector, IBM launched a C\$100m fiveyear deal via Merrill Lynch.

central banks, as well as fund

INTERNATIONAL BONDS

The deal was retail targeted, but dealers said it would have demand as investors in Belgium and Luxembourg, the traditional buyers of this kind of paper, are shunning the market at the moment.

Meanwhile, the largest ever deal in the French market met firm demand. The FF6bn transaction for Spain, increased from FFr5bn, has an unusually long maturity of 13 years.

Spain, which is keeping the proceeds in fixed-rate French francs on the view that the currency risk is slight, was keen to lock in long-dated fixed-rate funding, and the French market is possibly the only sector of the Eurobond market where deals beyond 10 years are feasible. Lead manager, Credit Lyonnais, esti-

NEW INTERNATIONAL BOND ISSUES

101,225

101.48 100.926

Amount m. Coupon % Price

6bn

mated that around two thirds of the deal was placed outside

• SWISS Bank Corporation is to tender for a maximum of \$200m of Eurobonds issued by the Australian Wheat Board its second tender for its own account this month. Most of the 9.5 per cent bonds due December 1993 are believed to be held by Swiss retail inves-

As lead manager of the original transaction, Swiss Bank will be in a stronger position to tease out these bonds.

Last week. SBC tendered for two Commonwealth Australian Eurobonds, many of which were held by Swiss

• CREDIT Lyonnais has increased its \$250m offering of three-year bonds launched last week to \$270m, after investors exercised the option to increase holdings by 20 per cent. The option expired yesterday.

• STANDARD & Poor's has lowered the Eurocommercial paper and certificates of deposit ratings of Gota Bank and the US commercial paper rating of Gota Bank Inc., guaranteed by Gota Bank, to A-2 from A-1, AP-DJ reports. All ratings are removed from CreditWatch

SBC Goldman Sachs

Wirtschafts & Privatbank

1%/15 Merrill Lynch

0.155/0.10 Goldman Sachs

0.55/0,40 Goldman Sachs

35/20bp Credit Lyonnais

Bank Leu

15/14 Bco. Portugues d'Invest.

1%/1.775 Wood Gundy

surveillance.

At present, for regulatory purposes, UK securities companies can use subordinated debt of up to four times their shareholders' funds. Under bank rules subordinated debt would not be able to exceed shareholders' funds. Also, securities companies

Mr Richard Breeden, chairman of the US Securities and Exchange Commission and

head of the technical committee of Iosco, the international grouping of securities regulators, is due to meet the Rasle group of bank supervisors in January to discuss convergence in capital rules.

Brokers 'should meet capital adequacy'

By Richard Waters

SECURITIES companies should conform in all respects to the same capital adequacy rules as banks, according to the latest in a string of controversial proposals from the European Commission.

If adopted, the proposal would force non-bank securities companies to increase their capital, forcing up their costs. The proposal has sparked concern particularly in the UK, where non-bank companies dominate the securities industry.

Brussels proposes in the Capital Adequacy Directive that the securities books of investors. The bank declined to both banks and non-banks should be subjected to the same rules on capital adequacy. This argument has won the general support of international securities and banking regulators, who have been attempting to reach agreement on common capital rules.

However, the Commission avoid. has now gone further by pro-"The first thing we had to do posing that all of a securities company's business should be subjected to bank-style rules, not just its securities book. This would mean, for worth Lv10m (\$580,383). "No

instance, that agency broking firms (which do not take securities on to their own books) would have to comply with bank capital rules. That would catch such leading UK securities houses as Cazenove, as well as some of the largest retail brokers in the country.

would be subjected to EC rules on bank exposure limits, limiting their exposure to a particular client as a proportion of their capital base.

series of postponements this will initially trade only Belgian

Bulgaria enters the bourse business Judy Dempsey on preparations for the country's first stock exchange

TF Mr Victor Parazov has his way, Bulgaria will have its first stock exchange by Christmas. The newly-elected Bulgarian government is racing against time to draw up plans for privatisation, introduce a new banking law, and revamp its foreign investment legislation.

However, despite the awe-some schedule, Mr Parazov, the 33-year-old chief executive of the First Bulgarian Stock Exchange, says the exchange must be in place before the

reforms get under way.
"Of course, we need companies in order to trade. But now is the time to train staff, attract private investment, and make sure we are prepared for the government's privatisation programme," he said.

Setting up a stock exchange in a country where, until recently, private companies were banned and the state controlled almost the entire economy, has not been easy. However Mr Parazov is spending three weeks visiting merchant banks, seeking advise, and finding out what mistakes to

was to find private investors to set up the exchange," he said. The exchange is funded by 10 Bulgarian shareholders who together have raised capital



Filip Dimitrov: government has had to redraw laws

one shareholder can hold more than 10 per cent of the shares because we don't want to make the exchange into another monopoly," Mr Parazov said. The investors include the Credit Bank, Bulgaria's first private bank: an insurance company based in Sofia, the Bulgarian capital; and an industrial trading company. "I reckon that we will be up

and running in about 20 days time. Initially, we will trade in bonds, and bills of exchange. But I expect it to expand once the parliament finally passes a new privatisation, banking, and foreign investment law."

The Bulgarian government, which is headed by Mr Filip Dimitrov, a 36-year-old lawyer and leader of the Union of Democratic Forces party, has had to throw out a banking law drawn up by the former communist regime because it did not allow the required

degree of competition. Similarly, a privatisation law passed earlier this year effec-tively allowed state-owned enterprises to be privatised as monopolies. "We need competition as quickly as possible, said Mr Parazov.

In addition, a new foreign investment law, aimed at giving foreign companies tax holidays - the right to repatriate profits in hard currency - has

still to be drawn up. "The reforms will not be effective without foreign investment, or real competispent several years working with an import-export trading company in Sofia. His time in London was also

Parazov now has no illusions about the needs of the stock exchange. "I have seen all this wonderful computer equipment here. But all I want, initially, are second-hand computers - even a blackboard. After all, what

good are computers when we

have very serious energy short-

instructive, to say the least. Mr

ages and power cuts in our country," he asked. "But apart from some equip-ment, what we really need are skilled people to get the exchange off the ground. We need good advice."

For all his enthusiasm and energy, Mr Parazov is not convinced that the Bulgarians are ready for the sort of risks associated with share markets. "That is what a stock exchange

is all about," he said. "You must remember that for the past 40 years, the Bulgarian people never had to take risks. It was a world of

r Parazov is pinning his hopes on the younger generation. r Parazov is pinning "This will take time. I recently asked a friend of mine why he was not going to go into the private sector. He replied: 'It's not safe."

Undaunted by old attitudes Mr Parazov believes that if the new government is committed to reforms which will legally protect the private sector, it might encourage younger people to start taking risks.

"We have a lot of work to do. We have a lot of damage to repair," he said, adding that one of his first tasks when he returns to Bulgaria next month is to find premises for the new trading floor.

Futures market launches closer

By Tracy Corrigan

PLANS for the development of European futures markets moved ahead yesterday when the Belgian Futures and Options Exchange announced its much-postponed launch date. At the same time, the Italian authorities reached an agreement in principle with primary government bond dealers on the structure of the Italian government bond futures market, which they plan to launch next June. Belfox will finally open its

The Belgian exchange, which has had to contend with a fire in the bourse and a change of government, as well as numerous technical problems with its sophisticated trading system,

doors on December 6, after a

government bond futures: stock and stock index options will be added to the screen trading system later.

Meanwhile, at a meeting on Monday, the Bank of Italy outlined the structure of the new futures market, which will be added to the existing screentraded cash market for Italian government bonds. An agreement between the primary dealers, the Bank of Italy and Consob, the regulatory authority, is expected to be signed by the end of the year.

The main task ahead of the market's launch will be the setting up of the clearing house. Primary dealers will become shareholders in a new clearing house, which will be created to serve the futures market. The structure is standard for futures markets.

The next step is for a ministerial decree to pave the way for the creation of the market. Already in draft form, the decree is expected to be issued in the next few months.

However, the new market will have to compete for business with the London International Financial Futures Exchange and the Matif, the French futures exchange, which started trading Italian government bond futures contracts in September.

The market in BTPs - the long-dated fixed-rate Italian government bonds which are the underlying instruments for future contracts - has developed swiftly, and outstandings now total L227,000bn, Around 40 per cent of trading in these instruments is believed to take place outside Italy.

Group of banks wins \$496m Air India mandate

By R.C. Murthy in Bombay

A CONSORTIUM headed by Citibank and ANZ Banking has won a mandate from Air India to finance the acquisition of four Boeing 747-400 aircraft worth \$496m. This is the first significant

loan for an Indian company since the country's credit rating was downgraded last year. However, the financing package does not have a govern-

ment guarantee. As an international airline, Air India generates adequate foreign currency earnings to service the debt, and does not have to depend on India's foreign exchange reserves. The consortium has offered

to underwrite the total cost of four Boeing 747-400s.

LONDON MARKET STATISTICS

		Complied by the Final Actuaries and the Fa			
EQUITY GROUPS	Wednesda	y November 27 1991	The	Mos	Fri Nov

Artifrivate placement. Convertible. With equity warrants. Floating rate note, tringl terms, a) Non-callable, b) Amount increased from C\$100m. Non-callable, c) Callable on 19/12/98 at 101% and 19/12/94 at 101½%, d) Put option 30/9/94 at

11034% to yield 7.851%. e) Coupon pays 37.5bp over 3-month Libor, until 11/94, then steps up to 75bp over 3-month Libor. Average life- 1.5 years. f) Coupon pays 55bp over 3-month Libor until 11/97, then steps up to 100bp over 3-month Libor.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS	W	ednesd	ay Nov	enber	27 19	91 .	Title Nov 26	Mos Nov 25	Fri Nov 22	Year ago (approx)
R SUB-SECTIONS Figures in parentheses show number of stocks per section	of Index No.	Day's Change	Est Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. 9/E Ratio (Net)	mi adj. 1991 to date	index No.	Index No.	Index No.	Index No.
1 CAPITAL GOODS (180)	758.22		9.11							
2 Building Materials (23)	914.04		8.01	6.81	16.49					,
3 Contracting, Construction (30)	1005.62		7.92		18.02	51.30		1005.68	1012.60	
- 4 Electricals (10)		-10	10.09	6.18	12.62	98.23		2392_10	2319.08	
- 5 Electronics (25)			11.31	5.82	11.23	52.97		1648,85		1
- 6 Engineering-Aerospace (8)	323.41		17_33	8.03	6.97	18.52				
7 Engineering General (43)	459.41		10.60	5.45	11.62	17.78				
8 Metals and Metal Forming (9)	317.09		213	11.10		25,21				
, 9 Motors (12)	302.28	-0.8	8.56	7.97	15.50	17.56				
10 Other industrial Materials (20)	1522.54		7.88	5.37	15.08		1515.73		,	
21 CONSUMER GROUP (190)		-0.8	7.55	3.66	16.39		1545.80			1203.03
22 Brewers and Distillers (22)	1877.66		8.28		14.68 12.70		1894.06			1016.36
25 Food Manufacturing (19)			9.73 9.95	4.27 3.55	13.06	58.56	1191,30 2335,25			2219.56
26 Food Retailing (1.7)	1303E 00	+0.3 -1.2	5.23	245	2L98					2408.86
29 Hotels and Leisure (24)	1304 EE	-1.4	7.86	5.43	15.73	45.61				
30 Media (26)	1435.80	-0.6	7.32	4.95	17.84	47.66	1444.92			0.00
31 Packaging, Paper & Printing (17)	732 34	+0.1	731	4.50	16.58	24.43			736.46	
34 Store (32)	988.03	-0.8	7.60	3.75	17.26	26.74			978.01	811.39
35 Textiles (10)	615.00		7.52	5.05	16.97	21.18			625.89	
40 OTHER GROUPS (111)	1200 40		9.93		12.71	38.39			1192.46	
-41 Business Services (12)	1 395 64	+0,1	7.18	4.72	17.69		1384.50			0.00
42 Chemicals (21)	138476	4.0-	7.19	5.30	17.27	54,15		1380.65		
43 Conglomerates (11)	1399.83		10.32	7.49	11.74		1429 12			
44 Transport (14)				4.92			2299,76			
45 Electricity (16)	7167.66	-0.7	14.96				1175,64			
46 Telephone Networks(4)	1422.19	+0.2	10.99				1419.26			
47 Water(10)	2240.53	-0.9	18.69	6.92	5.91		2260.92			
48 Miscellaneous (23)	h764 18	-0.8	5.68		24.20		1778.38			
49 INDUSTRIAL GROUP (481)			8.59	4.73		$\overline{}$	1242.38			
.51 Oll & Gas (19)			11.39		11.61		2287.38			
			8.92		14.15		1332.87			
59 508 SHARE INDEX (500)										
61 FINANCIAL GROUP (91)	737.52	-1.5	-	6.32	20.02	33.01		742.91		
.62 Banks (9)	857.88	-25	4.86	6.22	38.93	37.46				
65 Insurance (Life) (7)			_	5.82	_		1458.16			
66 Insurance (Composite) (6)	מכונג ויי	-1.9		8.26 6.76	15.94	32.94				
67 Insurance (Brokers) (10)	989.49		8.26	4.55	13.94	14,84	1009.63			
68 Merchant Banks (7)	471.22		6.19	5.37	22.88	28.81	1			
'69 Property (35)	720 00	-0.5	11.86	7,24	10.61	11.85		239.44	240.57	249.58
70 Other Financial (17)	7147 00	_0.5								
-71 Investment Trusts (70)	ц.107.28	-0.5		3.70			1172.67			
'99 ALL-SHARE INDEX (661)	р.183.03	8.0-		5.05		40.06	1192.58	1185.34	1182-21	1131.25
-	Index	Day's	Day's	Day's	Nor	Nor	Hov	Mov	Nov	Year
	No.	Change	High		26	25_	22	21	20	190
FT-SE 100 SHADE THIREYS	2447.5	-24 N	26723	2444.9	2471.5	2456.2	2445.3	24175	2477 6	2744 2

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-	PRICE INDECES	Wed Nov 27	Day's change %		Accrued interest		2	British Government Low 5 years Composs 15 years	8.91 9.67 9.67	8.88 9.69 9.69	9.58 10.43 10.48
_2 -3 [4	British Garanment lip to 5 years (28) 5–15 years (27) Over 15 years (20) (rredeemables (6) All stocks (69)	121,67 133,53 141,33 154,68	+0.13 +0.24 +0.21	121.63 133,35 141.00 154.36 131.92	2.71 2.60 1.11	11.84 11.50	5 6 7 8 9 10	Medium 5 years	10.01 9.81 9.75 10.22 9.90 9.81 9.84	10.02 9.83 9.78 10.23 9.93 9.84 9.86	11.01 10.83 10.77 11.15 11.02 10.97 10.66
6 7 8	Index-Linked Up to 5 years (2) Over 5 years (9) All stocks (11) Delis & Leans (60)	167.16 149.22 150.57	+0.06 +0.05	167.15 149.14 150.49 110.76	0,58 1,10 1,02	3.16 3.83	11 12 13 14	Inflation rate 5% Up to 5yrs., inflation rate 5% Up to 5yrs., inflation rate 10% Up to 5 yrs., inflation rate 10% Up to 5 yrs.	3.87 4.28 3.23 4.09 11.58 11.40 11.21	3.87 4.28 3.22 4.10 11.58 11.40 11.21	3.80 4.16 2.52 3.98 13.24 12.85 12.53

8Opening Index 2472.3; 9 am 2464.8; 10 am 2454.2; 11 am 2447.4; Noon 2450.4; 1 pm 2450.4; 2 pm 2450.5; 2.30 pm 2452.6; 3 pm 2453.2; ** A 10 pm 2449.4; (a) 8.30am (b) 10.45am t Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1.9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, they House, 42-47 Minories, London EC3N 10Y. Tel: 071-702 0991.CONSTITUENT CHANGES; ADDITION; Davies & Newman (44); DELETION; Hawker Siddeley (4); (26/11/91).

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TRADITIONAL OPTIONS

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"Underlying security price. I Look desired employ units Premiums shows are tased on middle prices.

Allied-Lyons

Unigate little changed at £43.3m

By Andrew Bolger

transport group which in June announced a restructuring of its business, yesterday reported flat profits for the six months to September 30.

The group had still not disposed of the two businesses it wanted to sell - the JP Wood commodity chicken subsidiary and the car contract hire part of the Wincanton transport division - but said the fundamental strengths of the group meant it would not be rushed into a premature decision. Mr Ross Buckland, who joined as chief executive in October last year, said the group was focusing primarily on food and related distribution. Future acquisitions were likely to be on a substantial

Unleate made interim pre-

tax profits of £43.3m, compared with £41.4m in the same period

However, the results were virtually unchanged after adjusting for losses made in the first half last year by bustnesses which were to be divested, weakening of the dollar and lower property profits. Sir Brian Kellett, chairman, said: "Recent trading suggests that the bottom of the recession may have been reached, but conditions industry-wide remain difficult.

Turnover dropped from £1.21bn to £1.04bn. The group said its UK food businesses produced a resilient performance in adverse trading conditions, with operating profits of £26.8m (£26,7m). Within that Unigate Dairies'

profit increased from £11.3m to

prices were weak.
St Ivel Chilled Products improved operating profits, with increased sales of low-fat spreads and chilled deserts. The Gold low-fat spread and Shape yoghurt brands per-

increased advertising.

£13.3m, in spite of a decline of

just under 1 per cent in milk

volumes. Doorstep sales,

although down, were lifted by

the acquisition of Abbots

Dairies in Kent, and supermar-

ket volumes continued to grow

However, the Farm Foods

division saw operating profit

fall from £4.7m to £2.6m,

reflecting the difficult market

for turkey products, where con-

tinental European demand and

formed well, assisted by

The US Food division saw

operating profits rise from

£8.1m to £8.8m. Restaurants' profit, although unchanged in sterling, showed a 9 per cent increase in dollar terms. New openings over the past year, combined with close control of costs, contributed to further growth for the Black-eyed Pea

Wincanton Distribution increased operating profits by 23 per cent to £5.4m, reflecting new distribution contracts and the continuing growth of Unigate Chilled Distribution.

Operating profits at Arling-ton, which sells and services vehicles, and National Car Auctions were flat at £1.7m. Earnings per share were 12.7p (12.1p) and the interim dividend is maintained at 5.7p. Net debt of £129m gives gearing of 29 per cent.

Banking cushions Hambros decline

By Richard Waters

A STRONG performance from the banking division at Hambros helped it largely to shrug off losses from its estate agency business in the first half, according to figures published by the merchant banking and financial services group yesterday.

Profits before tax and minority interests amounted to 237.6m in the period to September 30, compared to £42.5m in the first half of 1990. Eurobond and treasury operations mainly accounted for the the 28 per cent growth

in banking profits to £40.5m (before central finance and other overhead costs). Provisions during the period were 24.7m (up marginally from 24.3m), leaving total provisions at less than 0.4 per

Retail financial services returned a loss of £5m, largely as a result of the £4m loss already amounced by Hambro Countrywide, its estate agency business. The loss cannot be set against other group earnings, pushing up the tax charge to 32 per cent during the period.

for the new shareholders who have found their way on to its register in the past few months, during which no less than a quarter of its shares have changed hands. After a half year in which about a quarter of the group's shares have found their way to new homes, After stripping out profits from investment sales (at just £3.2m, well down on the £11.5m in the corresponding period), Hambros' earnings advanced by some 11 per cent. That is due entirely to the banking business, which pushed its return on capital to an annualised 24 per cent unlike last year, when earnings growth had been due to an increase in capital employed. The bank felt confident enough on the basis of these numbers to increase the interim dividend on its voting shares to 4.2p (4p), and the market repaid the complement by pushing the shares up by 16p to 270p on the day.

against political intervention impact in weak demand for NORTH WEST Water issued a measured income, which was strongly worded appeal for sepup by 8 per cent but just over 5 aration between politics and per cent below budget. the regulatory regime as it The critical tone adopted by unveiled half-year results

Michiyo Nakamoto reports on two water results

North West rises 8% but rails

North West towards the attitude of Mr Ian Byatt, the regulator, and politicians on the industry's profitability, contrasts with the more accommodating approach of the three other privatised water companies which have announced interim results so far.

The 10 privatised water combenefits to the community panies are due to deliver the coming from more profitable companies, "we have been pilindustry's response to Mr Byatt's consultation document loried from all sides and threaton the cost of capital on Friened with tougher regulation," he said. Political intervention

The interim dividend is lifted to 6.54p (6p) on earnings per share up at 32.5p (30.3p).
Although North West has agreed to a cost increase abatement next year. "I am fully justifying further cost increases and believe the reduction for industry as being recessionnext year is recession-related "With the crop of results, the and should be one-off," Mr Dennis Grove, chairman, said. Operating costs in the core business rose by 4.4 per cent to £180.6m, although for the group as a whole costs rose by 34 per cent to £284.4m largely

as a result of expenses

incurred by the process engineering division. This arm made a first-time contribution of £54m to sales and broke even after interest costs. Investment expenditure was increased by 60 per cent to £246m resulting in the reversal into a net debt position with

• COMMENT

borrowings of £146.1m.

North West is making no secret of its resentment over the forced reduction in its increase next year and would like to see "the same forcefu determination by the regulator" in accelerating price increases "when the pendulum swings the other way", as Mr Thian writes. The danger of this strategy is that it could backfire if North West finds itself conspicuously out of line with the rest of the industry. Forecast full-year profits are £238m and a dividend for the year of 19.6p gives a prospec tive yield of 7.5 per cent, or a 35 per cent premium to the market, which is somewhat above its historical premium. But whatever it does, political and regulatory concerns wil overhang the shares at least until the general election.

DTI clears four bids for Southern News

By Richard Gourlay

THE DEPARTMENT of Trade and industry yesterday cleared four companies to bid for Southern Newspapers, the regional publisher of titles which include the Southern Evening Echo, after an investigation by the Monopolies and Mergers Commission.

The DTI's clearance of Emap, Pearson (the publisher of the Financial Times), Reed International and Trinity International raises the prospect of the first significant takeover in the newspaper sector since United Newspapers' 1985 purchase of the Daily Express. Under Takeover Panel rules. any one of the four companies can now bid within 21 days or

wait until a year after the ref-

erence to the MMC, unless either the bid is recommended or another bidder emerges. Trinity, which publishes the Liverpool Daily Post and Echo. triggered the rush of interest in Southern last July when it announced it was planning to make a hostile bid. Under UK laws any change of newspaper ownership needs DTI approval. in July Trinity, Reed and Pearson all reserved the right not to bid for Southern even if their various bids were cleared. Southern has a market capitalisation of about £80m but its

making a hostile bid more diffi-Mr James Sexton, chief exec-

shares are only traded on a

matched bargain basis, thus

utive of Southern, said yesterday that the group was well placed to trade successfully as an independent company. adding, "Should an offer be made, the board will, of course consider it on its merits." One observer said the DTI clearance had started "an exquisite poker game" with no potential bidder likely to want to be first forward. Any bidder would most likely try to seek a

Southern board. The MMC came to the unanimous opinion that the transfer of Southern to Emap, Reed or Trinity would not act against the public interest. In Pearson's case, one member of the Commission said there would

recommendation from the

be a loss of commetition and choice for readers and advertisers in the Vale of Pewsey and Devizes and would operate against public interest. Mr John Redwood, minister of corporate affairs, said he accepted the MMC's conclusion that the potential for Pearson

to exploit its strong market

position was small. In the year to June Southern made pre-tax profits of £8.6m. down from £15m the previous year. The 1989-90 results were inflated by profit on the sale of Reuters shares and both years were depressed by extraordinary write-offs of an investment at Leading Leisure, a property company now in

First orders for Tate & Lyle's new sweetener

TATE & LYLE said yesterday that it had received its first orders for Sucralose, the newly-developed calorie-free sweetener which was approved in September by authorities in Canada, the first country to ers on plans to incorporate authorise it for sale, writes Stellar in their products.

Guy de Jonquières. Staley, the company's US cereals sweetener and starch company, also plans next spring to start producing Stellar, a corn-based fat substitute which it announced in June. Sales in the current year are

forecast at about \$15m (£8.4m). • COMMENT At full capacity, the plant will make about 12m lbs of Stellar annually, with a value of \$60m. Staley is in talks with more than 20 food manufactur-

Tate & Lyle, which believes the world market for fat substitutes could grow to \$1bn annually, doubled its spending on new product development to more than £40m last year. Two thirds of the money was spent on cereal sweeteners.

Much as Tate & Lyle may protest that sugar is not in inexorable long-term decline, last year's performance was distinguished chiefly by its success in squeezing cost and cash out of static sales. Management is confident that efficiency gains will continue at a similar pace: increased annual operating profits of \$10m are promised from just one project, an advanced US sugar extraction plant. Meanwhile, new non-

sugar products, notably Sucralose and Stellar, should start making contributions in the current year. Though the initial sums will be small, they and sharply increased development spending - underline Tate & Lyle's commitment to diversifying into higher value added products. Add in the prospect of a modest recovery in the US soft drinks market and a better corn harvest, and £250m pre-tax (excluding currency fluctuations) looks easily achievable this year.

O COMMENT

Hambros had a warm welcome

Northumbrian climbs 35%

TIGHT CONTROLS operating costs helped Northumbrian Water Group, the smallest of the 10 privatised water companies, to record a 35 per cent increase in interim pre-tax profits, from £23.1m to £31.3m. despite a significant fall in interest income.

which it said were affected by

Mr Robert Thian, chief exec-

utive, criticised what he

termed "undue political pres-

sure" that has been exerted on

both the industry and the regu-

lator to reduce price increases.

had interfered with the rela-

tionship of trust between the

North West also criticised

the dissemination by the regu-

lator and politicians of what it

said were "mythe" about the

director general is going to

North West, which reported

interim pre-tax profits up by 8

per cent to £123.7m (£114.9m).

had felt the recessionary

have to rethink his position,"

regulator and the industry.

proof and low-risk.

the company said.

Instead of recognising the

the UK recession.

This ability to control operating costs restored margins to 27 per cent, against last time's 18 per cent which was lower than the industry average. The interim dividend is increased by almost 10 per cent to 6.8p (6.2p) on earnings per

share of 44.8p (33.2p). "This was a judgment based on political, regulatory, cus-tomer and shareholder perceptions of the business." the company said.

It was evident that it could afford to increase the dividend more but it made sense to retain a large proportion of profits in the business, given the increasing insecurity of the business. Northumbrian has

agreed to abate its price rise by one percentage point next year. Some 80 per cent of pre-tax profit has been retained within the business for investment. Demand held up well and turnover rose by 18 per cent to £98m (£83.2m). Northumbrian, which relies on supplying 30 per cent of its water to industrial companies such as British Steel and ICI, said that industrial demand had been firm

despite the recession. Site investigation is identified as an area for diversification where it would not compete with the other privatised water companies. The acquisition earlier this month of Earth Services makes it one of the three leading site investigation specialists in the UK. James Duncan Group, an

environmental services group, was also acquired for £3.6m during the first half. The appointment, as independent directors, of Professor

Sir Frederick Holliday, who is

an expert on the environment and a board member of Shell UK and British Rail, and Sir John Riddell, deputy chairman of Credit Suisse First Boston, strengthens the company's links both with the City and

• COMMENT

environmental issues

Although profits were much in line with expectations, as was the encouraging fall in operating costs, there was some concern as to whether the latter have indeed been brought under control. Also, a sound diversification programme could make a considerable difference to Northumbrian's future, yet profits from this area have been modest, as the company itself says. Its waste treatment plants, the two largest projects, are still on hold Full-year profits of £55m and s total dividend of 20.4p gives a 7.4 per cent yield. It would not hurt to wait for the diversification to deliver the goods.

"The global markets served by Tate & Lyle continue to benefit from inherent steady growth, unlike many other markets in times of recession. As a result we have enjoyed another successful year - the thirteenth year in a row in which we have reported increased profits." **Neil Shaw** Chairman & Chief Executive

Preliminary results	1991	1990	% Change
Turnover	£3,262m	£3,445m	-5
Profit Before Tax	£234.6m	£218.0m	+8
Earnings Per Share - basic	39.6p	36.0p	+10
Earnings Per Share – fully diluted	33.4p	30.2p	+11
Dividends	11.2p	10.0p	+12
Return on Net Operating Assets	22.9%	22.7%	

Preliminary announcement of results for the 52 weeks ended 28th September 1991. Copies of the Annual Report for the period ended 28th September 1991 will be

posted to shareholders shortly and will be available from:

N J Nightingale, Secretary, Tate & Lyle PLC, Sugar Quay, Lower Thames Street. London EC3R 6DQ.



Check out the market leader

Many a retailer has found life tough on the High Streets over the past 12 months.

But our pioneering policy of offering Britain's favourite brands at Britain's favourite prices continues to pay increasing dividends.

Not only have we maintained our leadership of the growing discount retail grocery market, we've improved on it.

Our policies have led to rising sales throughout our established stores.

And the 90 new stores we opened this year. We now have 750 Kwik Save stores in

England and Wales, with around 700 liquor and tobacco outlets.

As we said, our approach is paying dividends. 14.7p per share is the Board's recommended total for the year. Up 21.5% on last year.

<u>. </u>	53 weeks to 31/8/91	52 weeks to _25/8/90 .	% increase
Turnover Inclusive VAT (£m) 1,895	1,520	24.6
Pre-Tax Profits (&n	3) 101.7	85.3	19.2
Earnings per share (p)	44.26	36.25	22.1

FOOD DISCOUNTER

For a copy of our 1991 Annual Report simply fax us on 0745 882005 or telephone 0745 882003/4/9 Kwik Save Group plc, Warren Drive, Prestatyn, CLWYD LL19 7HU.

UK COMPANY NEWS

London Electricity meets expectations

By Juliet Sychrava

8" o but rails

nerrention

& COMMENT

LONDON Electricity yesterday confirmed City expectations by reporting pre-tax profits of £14.5m for the half year to September 30, compared with a proforma loss of £1.1m.

Earnings per share were 4.7p (0.7p). An interim dividend of 50, an increase of 12 per cent, is declared in line with analyses, forecests

lysts' forecasts.

"We would expect a 12 per cent increase in the final dividend," Mr Roger Urwin, managing director, said. Shareholders could expect consistent growth in pay-outs thereafter.

The profits increase was largely the result of a 4.3 per cent rise in units of electricity distributed, which pushed operating profit up by 8 per cent. Although the company suffered from the impact of the recession on its smaller com-

mercial customers, domestic sales improved by 8 per cent.

Because cash balances of £240m have been stripped away by the government since privatisation, the company incurred an interest charge of £5.6m; that compared with actual interest income of £14.4m last

year, although pro-forma interest income was £7.9m. Costs were in line with the

company's expectations. It did not make many job cuts over the six month period, but expected to cut manpower costs by 12 per cent over the

next 4-5 years. The company said it was well protected by contracts from rises in the pool or wholesale market where it buys its electricity, but like most regional companies was concerned about the additional "uplift" charge in the pool

price, which has been rising and cannot be hedged through contracts. If this continued to rise above forecast levels, Mr Urwin said, it could wipe out £10m of profit.

• COMMENT

London offered investors fewer immediate carrots than Norweb, which announced its results on Tuesday. There has been no radical cost cutting, the company has employed more staff to deal with a bad debt problem, and its retail business is loss making. The

"We thought this result was

quite good, bearing in mind the

problems of the retail motor

trade," he said. New car sales

have fallen by some 25 per cent

in the UK, hitting motor deal-

ers' profits around the country.

14.8p to 5.5p. The chairman said the board had taken "the

long-term view" on the divi-

dend and maintained the pay-

Sir Ron Brierley's IEP Secu-

rities holds a 29.9 per cent

Earnings per share fell from

costs in its supply business are higher than expected, and it may find it hard to claw them may find it hard to claw them back next year. Sales growth, however, was well above the 1-2 per cent expected for the industry, and the company pleased both customers and shareholders by indicating that tariffs would not rise by less than inflation next year, and the dividend would set a trend for the future. Analysts' forecasts for the full year are in a narrow £147-£149m range pretax, putting the company on a prospective p/e of about 6.3.

Apollo raises dividend despite 15% setback

By Kenneth Gooding, Mining Correspondent

APOLLO METALS, the aluminium processing and distribution company, is to lift its annual dividend by 15 per cent to 3.45p despite a 15 per cent fall in annual profits and the fact that present trading conditions, in the words of Mr Derek Webb, managing director, remain "bloody tough."

He said there was no end in sight to the difficult conditions created by the UK recession and many customers were unable to do any forward plan-Pre-tax profits for the year to end-September fell from £2.4m

to £2.03m as margins were squeezed by price cutting and destocking by competitors. In 1990 there was an exceptional credit of £128,000. Apollo's determination not

to chase "business at any price" resulted in turnover showing only a marginal increase, from £26.9m to £27m. Fully diluted earnings per share fell from 12p to 10.3p. Capital expenditure reached £1.07m but gearing at the year end dropped from 11 per cent

from £6.5m to £7.36m. Apollo has also gained a toe hold on the Continent by setting up a small sales office in Paris. It is considering a more substantial move in Frankfurt, according to Mr Webb.

to 7 per cent. Net assets rose

Chelsea future in doubt

By Jane Fuller

THE FUTURE of Chelsea Football Club has been thrown into doubt by the news that it will receive a demand today to pay nearly £23m within 28 days for its Stamford Bridge ground in west London.

Mr John Duggan, chairman of Cabra Estates, the property company which owns the club's ground, said yesterday that the independent valuation of £22.85m perfected a property contract. If Chelsea FC did not pay, the debt would be pursued vigorously, if necessary to the point of bankwart sary to the point of bankrupting the club.

He did, however, say that he "actually expected to get paid", even though he had so far failed to reach agreement with Mr Ken Bates, Chelsea's chairman. Their duelling goes back to April 1989 when Cabra, then Conrad Holdings, took over Marier Estates in an all-share deal worth £83m. Cabra's market value yester-

day was less than £13m. Mr Bates told the Press Association he was confident the matter would be resolved in the near future, although he accused Cabra of having been obstructive and mentioned outstanding court actions. Apart from finding funds to buy the ground, he has plans to build stands and to put

flats, a hotel and a sports centre on the near 12-acre site.

Stamford Bridge: independently valued at £22.85m

The total cost, excluding the well below the £40m-£60m figland, is estimated at about £100m. The club could have bought the site from the Mears family for £800,000 in 1982, before Marler paid £1.2m. The valuation, released yes-

terday, came from Mr William Wells, a partner in Chesterton. the London firm of surveyors. His task was to assess the site's value in August 1988, the date that Chelsea FC exercised an option to buy.

The club was then in danger of eviction as a result of a deal - since rescinded - between Marler and Crest Nicholson, the building and property group. Chelsea's lease ran out two years ago. Mr Wells' valuation was

ure put on the site by Savills. another firm of surveyors, in July 1988, although the status of planning consents and the club's tenancy cloud compari-

Cabra, which incurred a pretax loss of £11.3m in the year to March 31, will have to knock £10m off the balance sheet value of Stamford

received from Chelsea will ease its net debts, which totalled £52m in March. Cabra also owns Fulham FC's ground at Craven Cottage. Fulham plans to move in with Chelsea - if it keeps its

PolyGram expands its film interests

By Michael Skapinker

POLYGRAM is to invest \$7m in the Palace Productions film organisation in a deal which could result in it acquiring a controlling stake.

The music company, 80 per cent-owned by Philips of the Netherlands, last September took majority control of Propaganda Films, which made Truth or Dare - In Bed with

Madonna, and of Working

Title, makers of My Beautiful

The new agreement will result in PolyGram acquiring Palace Productions' worldwide film catalogue. It will also take over Palace

Video, which owns UK cinema,

video rental and sales rights to

films made by Palace and other companies. The films include Kiss of the Spider Woman, Letter to Brezhnev and When Harry Met Sally. PolyGram has undertaken to

help fund future Palace Pro-

duction films for the next three to five years. In return, it will have first option to acquire rights on future Palace films and will receive a share of prof-

It will also have an option to acquire a stake in Palace Productions at the end of the funding period. The companies provided no details of the size of stake PolyGram could acquire but a controlling share is thought to be envisaged.

North West Water

CONTINUING GOOD PROGRESS

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 1991

Profit before tax increased by 7.7% to £123.7m

Earnings per share increased by 7.3% to 32.5p

Interim dividend per share increased by 9.0% to 6.54p

Investment expenditure increased by 60% to £246m

Dennis Grove, Chairman, said:

"Increased efficiencies and cost savings in the first six months have offset the effect of reduced industrial demand in the North West of Bugland. At the same time substantial improvements confinue to be made in quality and the standards of service to eastomers.

Our investment programme in the North West, to which our newly acquired process engineering companies have begun to contribute their experience and technologies, is on target and continues to meet its objectives. The benefits me flowing through for customers and the environment from our many completed projects, large and small, including as Coupe in the Rossendale Valley the first of a new generation of water. treatment works and at Sandon Dock, Liverpool, a major. new works providing wastewater treatment for the first time for that city.

Continuing good progress has been made bringing ... benefits to customers and the environment during a period of economic uncertainty through which the business has also demonstrated its ability to respond quickly and efficiently. I remain confident of a satisfactory outcome for the year."

GROUP RESULTS

** • •.	Six mon 30 Sept		Year ended 31 March
	1991 £m	1990 £m	1991 £m
Turnover	372.9	286.5	598.5
Operating profit	126.1	97.8	186.6
, Net interest	(2.4)	17.1	27.9
Profit before tax	123.7	114.9	214.5
Text 3 3 3	(8.1)	(7.1)	(21.4)
Profit after tex attributable to shareholders	115.6	107.8	193.1
Earnings per ordinary share	32.5p	30.3p	54.3p
Dividend per ardinary share	6.54p	6.0p	18.0p

3. MESULES The interior figures for the six months to 30 September 1991, which are unaudited have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 1991. The results for the year ended 31 March 1991 are extracted from the published accounts for that period on which the auditors Save an unqualified report and which have been filed with the Registrar of Companies. Star process engineering companies, which are included in the interim results for the first inneg contributed turnsvet of £54 million and operating profit of £3.6 million.

Z TAX No High Bty to UK mainstream corporation tax arises. The tax charge comprises the with of the receiverable advance corporation tax on the Interim dividend, together with nuclina to to text of in a sellion.

The dividend will be paid on 17 February 1992 to shareholders on the register on 3 January 1992 and will absorb £31.1 million. The provisional ex dividend date for the ordinary shares will be 9 December 1991.

NORTH WEST WATER GROUP PLC. DAWSON HOUSE, GREAT SANKEY, WARRINGTON, CHESHIRE, WAS BLW.

Bad debt provision hits Marston

By Philip Rawstorne

FIRST HALF pre-tax profits at Marston Thompson & Rvershed, the Burton-based regional brewer, fell 28 per cent under the impact of "the most difficult trading circumstances for over 20 years." The decline from £9.68m to 56 99m in the six months to September 28 was marked by an exceptional provision of 62.3m against bad and doubtful debts among the £25m of loans

to free trade customers. Mr Michael Hurdle, chairman, said that provisions for at least a similar amount would Se made in the second half of

the year. "The recession this year has deteriorated faster than we expected and there is no sign yet of any recovery in the beer market." he said.

Turnover rose by 9.4 per cent to £58.1m (£58.1m) while trading profit expanded from £9.42m to £9.89m. Overall beer volumes were just under 7 per cent down, only slightly ahead of the beer market as a whole. . Sales of Pedigree, the premium ale brand, through Whitbread continued a "disappointing" decline and volumes also dropped in other free trade outlets and tenanted pubs.

Mr Hurdle said the company's 151 managed pubs had performed "exceptionally well" to push profits 60 per cent higher. Profit from the 17 Tavern Tables catering houses more than doubled.

Earnings fell to 5.27p (7.22p)

but the interim dividend is

raised to 1.34p (1.26p). Pentland to dispose of Reebok holding

Pentland Group, the British Securities and Exchange Commission to record its intention shareholding in Reebok International, its US competitor.

Pentland has asked Reebok SEC to enable the sale to go ahead. The statement will be open for six months or until the shares, worth about \$320m (£180m), are sold.

Caffyns declines to £297,000 By Peggy Hollinger

year . . . provided the most

difficult trading conditions

that I can remember." he said.

"Furthermore, I do not see

much chance of any major

improvement in the second

making branches, which had

been a "significant" drain on

profits, said Mr Robert Caffyn.

joint managing director. The

Rover franchises had per-

formed well and the new 800

series was drawing consider-

The group closed two loss-

CAFFYNS, the Sussex-based motor distributor, maintained its interim dividend despite a fall in pre-tax profits from £607,000 to £297,000 and a warning on the outlook for the sec-

The group narrowly avoided falling to the break-even point with exceptional gains of £295,000 on the sale of properties. Turnover fell from £70.2m to £68.8m.

Mr Alan Caffyn, chairman, said the environment had been exceptionally tough. "The half

Investor lifts Rosehaugh stake

Mr Ronnie Jarvis, a private investor, has increased his stake in Rosehaugh, the troubled property company, from 8 per cent to 10.5 per cent. The stake, bought by his company Revensale and associates, was formerly held by Barings.

Mr Jarvis is a personal friend of Mr Godfrey Bradman, chairman of Rosehaugh, who is likely to leave his company once its future is decided. The company is conducting drawnout merger talks with Stanhope, its partner on the Broad gate development in the City. A month ago, Rosehaugh sold Rosehaugh Copartnership Developments, a portfolio of trading properties, to Raven-

Rosehaugh's results, which are likely to show heavy losses. are expected to be published by December 6.

Apollo Metsis §fin

BICC link with Japanese

ment at 5p.

stake in the group.

By Andrew Baxter

able interest, he added.

BICC, the international cables and construction group, will today announce the creation of its first significant business tie-up with the Japanese, to exploit the emerging market for optical fibre earth conductors used in the power utility

industry. Phillips Cables, BICC's Canadian subsidiary, and Furukawa Electric of Japan have been awarded the world's largest order for the conductor, which incorporates fibre optics in a traditional earth conductor and is installed on high voltage power transmission lines. The C\$27m (£13.4m) contract

from Hydro-Quebec, the Canadian electricity utility, will result in a new joint venture company, Phillips-Fitel, which will be 60 per cent owned by BICC and 40 per cent by

Corres -

ponding

dividend

Total

year

Total

last

3, 1

12.1

10,45

DIVIDENDS ANNOUNCED

payment payment

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

2.3

the total contract value to more than C\$70m.

turer of optical fibre outside the US, but recognised that it needed a technology partner to win the Canadian contract from some ten rival companies. Furnkawa has greater knowhow in optical fibre earth con-

Manufacturing for the joint venture will be at a Phillips Cables plant in Rimouski, Quebec. Phillips-Fitel will invest turing and test equipment for

The contract is spread over two years, but agreement in principle has also been reached to extend supply over a fiveyear period, which could bring

BICC is the biggest manufac-

more than C\$10m on manufac-



Launderette.

FUITSU

Kleinwort Benson congratulates Fujitsu on the official opening of its new semiconductor factory at Newton Aycliffe, Co. Durham.

Kleinwort Benson Limited advised Fujitsu Microelectronics Limited on the £115,000,000 lease finance of equipment installed at the factory.

Kleinwort Benson

Issued by Kleinwort Benson Limited, a member of SFA and AIBD.

November 1991

in the leade

Kwik Save climbs 19% with help of acquisitions

By Peggy Hollinger

KWIK SAVE, the UK's leading discount food retailer, yesterday unveiled record pre-tax profits of £101.7m – a rise of 19 per cent – helped by an ambitious expansion programme. Mr Graeme Seabrook, man-

aging director and chief executive, was bullish about the group's prospects and shrugged off questions over attempts by other food retailers, such as Aldi of Germany and Gateway, to enter the discount market. "Any fool can sell cheap groceries, the question is, can they do it at a

He added that competition in the discount market would eventually benefit Rwik Save. "Any new entrant will draw attention to the discount area, which will be an advantage to us." he said.

Referring to the announcement that Asda, Tesco and Safeway would open for the four Sundays before Christmas, Mr Seabrook said: "We will not follow them unless it becomes apparent that our cus-tomers are demanding it." He added that customers would face higher prices in supermarkets if seven-day trading became the norm.

An aggressive acquisition programme helped boost sales from £1.5bn to £1.9bn for the 53 weeks to August 31, Mr Seabrook said. The extra week was



Graeme Seabrook: benefit from competition

estimated to have added 1.9 per cent to sales growth. On a like for like basis, sales were up 17

During the year, Kwik Save bought 48 stores for £33m and opened a further 42, which were financed through cash flow. It now has a total of 750 stores, compared with 661 last year, and plans to open at least 50 more this year. "We have

more stores than anyone with the exception of Argyli," Mr Seabrook said. Capital expendi-ture was more than doubled at £124m (£61.1m).

Mr Seabrook said the group enjoyed some 7.8 per cent of the UK grocery market - up by one-fifth from the previous

increased its share of the off-licence market with the £3.5m purchase of the Liquorsave alcohol and digarette concessions run in its stores. The acquisition had depressed overall gross margins as these products offer lower returns than the grocery market. The group, which once heavily relied on staff memory

for pricing, had now fully converted to electronic scanning, said Mr Seabrook. This allowed stores to offer more product ranges and provided an efficient supply of stock to sites. Overheads as a percentage of sales had been cut and were falling further.

Interest income fell by £1.7m to £3.2m. The group's bank balance was £2.2m in surplus. The drop in corporation tax charges helped earnings per share rise 22 per cent to 44.26p

The final dividend is 10.4p, making a total distribution of 14.7p (12.1p).

See Lex

Shrunken giant battles for a better story end

David Barchard looks at the remains of Polly Peck, 13 months after its collapse

ROM OFFICES in Commercial Road, on the edge of the City of London, a group of 23 people, most of them accountants, meet each day to run a company which two years ago was one of the stars of the stock mar-

Polly Peck International has shrunk in the 13 months since it went into administration from a global corporation to a group of companies managed by a tiny staff in London. Only two directors, Mr Reginald Mogg, the finance director who took over in August 1990, and Mr Peter Compson, remain in

Mr Compson is due to leave next month and there is speculation that Coopers & Lybrand Deloitte, the accountants, will eventually shut down the London operation altogether. Polly Peck moved out of its

Berkeley Square in July. Earlier in the year, an auctioneer's sale had stripped it of its collection of antiques and art works, ranging from a Turner painting to Chippendale chairs. The sale fetched £3.5m. Around the corner from 42

Berkeley Square, Mr Asil Nadir, the group's chairman and former chief executive, still lives.

He has not been involved in the day to day work of the company for almost a year, soon after Polly Peck want into administration with debts of £1,13bn to 28,000 creditors, which include more than 60

Mr Nadir was declared bankrupt on Monday this week with personal debts totalling more than £90m. Friends and family say that he is still cheerful and determined to battle on. "He is never depressed. He is always cheerful. He is amazing. He inspires all of us," says a rela-

Throughout this year, Mr Nadir has worked with a tiny staff out of the Mayfair headquarters of South Audley Management, the property management company which handled his family interests and was at the centre of the share dealing allegations in the press which preceded Polly Peck's collapse

The bankruptcy decision means that Mr Nadir will have to give up his remaining direc-torships in the UK.

Meanwhile he is fighting three massive court cases. The main one is a prosecution by the Serious Fraud Office on 72 theft charges and four of false accounting, involving £155m of company funds.

Mr Nadir is remanded on bail of £3.5m and has appeared nine times in court since his arrest on December 15 last

He is also facing contempt proceedings in the High Court brought by a group of his creditors. They are seeking his imprisonment for allegedly breaking the terms of an agreement with them in December last year by selling a bank in Turkey without permiss-

Finally, there are civil proceedings for the recovery of 2378m of Polly Peck funds allegedly improperly transferred into accounts belonging to Mr Nadir.

The action has been brought by Mr Christopher Morris of Touche Ross, one of the administrators, and may eventually lead to a further prosecution. There are six other defendants in this case, including Mr Nadir's mother, Saflye Nadir, who lives in Cyprus. Mr Nadir strenuously denies all the charges against him. Meanwhile relatively little

tion). Both subsidiaries are

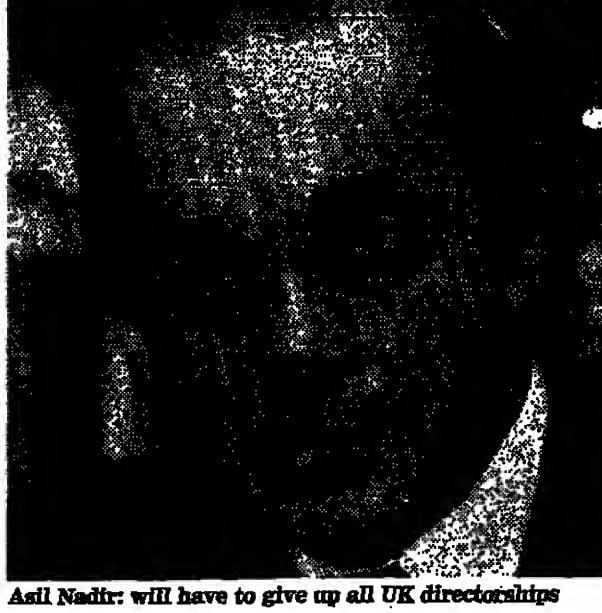
being disposed of and Mr Dela-

cave said that although their sale would result in a substan-

tial loss - for which full provi-

from £1.44m to £3.42m.

remains of the group. So far Other smaller businesses in disposals have raised about will be closed down, the admin-£20m. They include its textiles



business. Santana and Joseph Le Shark, Russell Hobb Tower the loss-making UK electrical appliances group which has been sold to Pifco for £6.7m, and several of the Polly Peck fruit distribution companies in

Polly Peck's strong asset PPI Del Monte Fresh Fruit, bought in the summer of 1989, will be floated on the New York stock market next spring. More than 50 per cent will be sold and perhaps as much as \$700m (£895m) will be raised for the group's credit-

Last year PPI Del Monte made a pre-tax profit of \$80m on sales of \$799m and it appears to have fared well this

the US have been sold off or

istrators say. Elsewhere the picture is bleaker. The two principal surviving businesses are Sansui. the Japanese consumer electronics group, and Vestel, a Turkish electronics comp-

Sansui expects to report a Y18.6bn (£80.2m) loss in the first half of the year, following a decision to take provisions on part of the Y67.8bn in loans extended to Capetronic, the Taiwanese subsidiary it acquired when bought by Polly

It is in the process of being sold to Grande Holdings of Hong Kong who have put up working capital to keep the company alive. It will purchase 32 per cent of Sansul, reducing Polly Peck's stake to 40 per cent and has an option to buy an additional 19 per cent at

Y250 per share later. Vestel is also performing vestel is also performing poorly. It has been dogged in the local press by unfavourable reports about its Turkish directors and its share price in Istanbul is bumping along the bottom at around TL1,500, far below its flotation price of TL13,500 in June 1990. Polly Peck's other food busi-

nesses in Turkey and Cyprus are still essentially a closed

book. The administrators have had no real access to the Cyprus business and only limited access to Meyna, the fruit and vegetable export business which was once supposed by stockbroker analysts in London to contribute nearly half of Polly Peck's 1989 pre-tax prof-

No funds or assets have yet been recovered from northern Cyprus, though this week there were unconfirmed reports on the island that President Rauf Denktas had finally decided to open up all Polly Peck's operations there to the administrators.

The same is true of the Cypriot hotel businesses on which more than £200m seems to have been spent in the months before the collapse. The Antalya Voyager Sheraton, opened in September 1990, had an extraordinarily difficult year but is now reporting occupancy rates of around 60 per

The water-bottling plant at Niksar is said by the administration to be still operating but seems to be too small to contribute significantly to the group's overall financial pic-

Confronted by this picture of shreds and remnants, former employees of Polly Peck in London rub their eyes and wonder. "I ask myself if it was all just a dream." one said

Associated British Foods

DELIVERING QUALITY EARNINGS

Highlights

- An increase in profits, despite recessionary markets
- The positive effect of British Sugar acquisition already apparent
- Strong organic growth resulting from continued investment in all operations
- •• I am pleased to announce another period of increasing profits with earnings per share for the period of 68.3 pence. 99

G. H. Weston

SUMMARY OF RESULTS			. *
	1 April 1990 to 14 Sept 1991	Year ended 31 Mar 1990	Year to 14 Sept 1991
	£ millions	£ milions	L millions
Turnover	4,877.4	2,774.7	3,510.4
Trading surplus	310.3	159.3	243.4
Net investment income	154.4	124.5	89.0
Profit before tax	464.7	283.8	332.4
Profit attributable to the company	306.1	187.6	219.8
Earnings per share	68.Зр	41.9	49.0
Dividend per share	16.7p	11.0p	13.0p

Translated figures after deducting the result for the half year to September 1990 announced in November 1940 from the period results.

> Associated British Foods ple Weston Centre, 68 Knightsbridge, London SW1X 7LR.

BTR

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BTR plc

(Registered in England No. 57410)

issue of 71,117.749 warrants to subscribe FOR ORDINARY SHARES IN THE COMPANY

The Company has made a free assue of Warrants to existing shareholders in the proportion of one Warrant for every 25 Ordinary Shares held. Each Warrant entitles the holder to subscribe for one Ordinary Share of 25p in the Company at a subscription price of 430p (subject to adjustment). The Warrants are in registered form and may be exercised in either 1995 or 1996 during the 30 day periods which commence on the dates failing one day after the date of posting of the Annual Report and Accounts and the interm results of the Company in those years.

The London Stock Exchange has agreed to admit the Warrants to the Official List and such admission will become affective and dealings in the Warrants will commence on 28th November, 1991.

Copies of the Circular to shareholders dated 15th October, 1991 containing, inter alia, details of the Warrants may be obtained during normal business hours up to and including 2nd December, 1991 from the Company Announcements Office of the London Stock Exchange, 46-50 Finsbury Square, London EC2A IDD and during normal business hours on any weekday (Saturdays excepted) up to and including 12th December, 1991 from:

BTR plc Silvertown House, Vincent Square. London, SW1P 2PL

28th November, 1991

Cazenove & Co., 12. Tokenhouse Yard. London, EC2R 7AN.

ABI falls by two thirds to £2m

ABI LEISURE Group, the caravan manufacturer, saw its pre-tax profit slide from 25.92m to £2.07m in the year ended August 31 1991, after an exceptional charge of £231,000. But Mr George Shiels, chairman, described the outcome as "commendable" in the current economic situation.

The group had been heavily involved in reducing cost levels and was now seeing benefits from that programme. Turnover fell to £52.3m (264m). Exacerbated by fierce widespread discounting, that led to a 46 per cent drop in

operating profit. Interest costs rose to £1.26m (£711.000) Mr Shiels explained that the requirement to discharge two years' tax liabilities during 1990-91 negated to some extent a reduction in stock of £1.9m and debtors of \$2m. Earnings per share came to

5.7p (15p). The final dividend is 3.13p for a total of 4.7p (3.1p). Ifico £0.5m in loss

and makes disposals liico, the insurance broking group, which requested the suspension of trading in its shares on Tuesday, yesterday announced a pre-tax loss o 2503,000 for the year to June 30. In the previous year there were

profits of £493,000. Mr Jacques Delacave, chairman, said the year had been a difficult one with insurance brokers suffering as a result of fierce competition and continued pressure on premium

FMW, the insurance broking subsidiary, had continued to be profitable, he said, although its pre-tax profits fell to £405,000 against £445.000. MBIA, the mechanical break-

down insurance subsidiary. incurred a £371,000 loss (near to £4.73m (£1.91m). There was a tax credit of £13,000 (£204,000 charge) and losses per share amounted to 1.94p (1.14p earnings).
There were extraordinary

charges of £55,000 (£2,74m). Mid Kent rises 15% to £4.21m

Mid Kent Holdings revealed a £3.66m to £4.21m, in pre-tax profits for the six months to September 30. Turnover rose 14 per cent from £12.8m to £14.6m. Mr Jeremy Leigh Pemberton, chairman, pointed out that the eliminate borrowings and raise working capital growth was largely due to income in Mid Kent Water rising in line with the permitted

price increase, but offset by a drop in the industrial metered consumption and the fall in connections for new housing. Earnings were 21 per cent higher at 19.1p (15.8p) per share of 4p. share. Directors said, however, (£388,291). Losses per share that they were mindful of the demands for capital expendiwere 4p (8.4p). ture and believed that an interim dividend of 4.5p supported the objective to maintain a strong balance sheet.

Dunedin Worldwide asset value growth

Over the six months to October 31 net asset value of Dunedin Worldwide Investment Trust rose from 568.7p to 595.3p. At October 31 1990 it stood at

Substantial funds were switched from fixed interest securities and from cash into equities over the year to end-October 1991. The distribution showed Japan accounted for 30 (23.3) per cent of the portfolio and North America 25.2 (21.6) break-even prior to its acquisi- per cent, while Europe cent. The balance was invested in Far East markets outside Long term borrowings

NEWS DIGEST

sion had been made in the accounts - the cash position increased by £10m. would improve materially and Net revenue was £3.46m consolidated net assets rise (£3.84m) and earnings per share dropped to 10.17p (11.31p). The final dividend is 7.1p for a total of 9.5p (9p). Turnover more than doubled

Chemex cash call as loss rises to £0.79m

Chemex International, the

USM-quoted technical services group, announced increased pre-tax losses of £786,828 for the year to September 30 after exceptional costs of £224,760. The loss last time was £716,455. The company also announced a 3-for-1 rights issue of 59.9m new ordinary 1p shares to raise about £524,000. The proceeds will be used to

The nominal value of the ordinary shares exceeds the rights shares hence the company proposes to create a new class of ordinary shares of 1p each and to subdivide each issued share into one new 1p ordinary and one deferred Turnover doubled to £779,195

Macarthy pays ex-chief damages

Mr Nicholas Ward, who since April has been managing director of the Brent Walker leisure group, has gained £430,000 in damages, plus costs, from one of his former employers. Mr Ward sued Macarthy, the retailer and drugs manufacturer, over the termination of his contract in July 1989. He had been chairman and chief executive and claimed £689,080

High Court action. Macarthy announced yesterday that it had reached an agreement with Mr Ward. As interim payments had already been made, it said the out-

plus interest and costs in his

standing amount came to declined to 20 (25.8) per cent and the UK to 17 (21.1) per £250,000 which it would take as an exceptional charge in its 1990-91 accounts.

Optometrics declines 43% to \$77,000 Optometrics, the USM-quoted

optical systems specialist based in Massachusetts, suffered a 43 per cent pre-tax profits fall to \$77,000 (£43,500) for the half year to end-September. Profits last time were \$134,000, while there was a \$136,000 loss for the full-year to March 31. Sales fell from \$1.85m to \$1.59m. Earnings per share dropped to 0.6 cents (1

cent) and there is no interim

for venture capital markets.

liabilities for the 12 months to

end-September fell to £162m

(£187m) - equivalent to 422.4p

(540.6p) per share - reflecting

reduced values of holdings in

unquoted companies, many of

which were forced to call in

£5.32m (£5.66m), leaving earn-

ings of 15.36p (16.35p) per

share. The proposed final divi-

dend is cut by 3p to 9.75p mak-

Moran Holdings, the tea estate.

property development and

freight forwarding company,

lifted pre-tax profits by 72 per

BOARD MEETINGS

cent, from £224,772 to £386,292

in the year to June 30.

brought tax benefits.

lest your's timetables.

Interime
New London
Piyeu
South Western Elect
Stewart & Wight
Triples Lioyd
Finale
Avon Rubber

ing 14p (17p) for the year.

Moran advances

72% to £386,000

Net revenue dipped to

dividend.

Mr Frank Denton, chairman, said the UK subsidiary had returned to profit. He also announced the acquisition of OMT Optics, based in Fakenham, Norfolk. The vendor was Elliott Industries.

Drayton Cons Trust cuts dividend by 3p

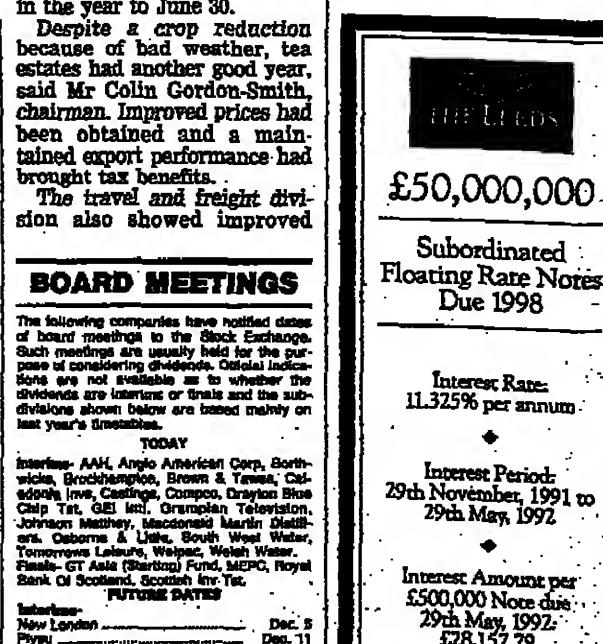
additional reserves Drayton Consolidated Trust is Ultramar, the diversified of switching the emphasis of its and gas group facing a hostil bid by rival oil group Lasmo portfolio into quoted UK stocks and cutting its final dividend confirmed that its wholly following a "turbulent" year owned subsidiary had partic pated in the discovery of add Managers of the trust said tional oil reserves in the North that total assets less current

The discovery well, which was drilled from the Mauree production platform in the Ul sector of the North Sea, pro duced up to 12,600 barrels of oi

The discovery of additions reserves meant that production could begin almost immed ately since no additional infr structure was required. The subsidiary, Ultrama Exploration, has an 8.5 pe

block_ The group also announce that development drilling his been commenced on the Mar ham gas field, the company first offshore operated develo ment. Gas from the field w come on stream in the fourt

quarter of next year.



Proposed changes to FT-SE 100 index

considering two small changes to the operation of the index. Mr Peter Jones, chairman, would be grateful for any comments, to be sent to the address below before December 5 1991.

The first issue is the treatment of constituents with multiple lines of stock. At present, the capitalisation of constituents with multiple equity lines is calculated using the equivalent shares in issue of all quoted lines but only using the share price of the most marketable line. This can result in an over- or under-valuation of a constituent where the secondary line has a different value to the primary line. Recent examples include SmithKline Beecham, RTZ, Great Universal Stores, Trafalgar House and Whitbread.

Proposed solution: Significant and liquid secondary lines are to be priced separately. 100 companies (together with their qualifying

secondary lines) are to be included in the FT-SE • A secondary line is to be priced separately if: it has a free float of at least 25 per cent; it is greater than 20 per cent of the company's aggregate market capitalisation; and there has been no more than 15 business days without any trading in the securities in each of two successive quarters.

THE FT-SE 100 Steering Committee is • Where a secondary line does not qualify to be priced separately, the weighting of the primary tine should be adjusted to reflect the true capitalisation of the company.

The second issue is the timing of the committee's quarterly review of FT-SE 100 constituents. Here the present practice is that the review is held during the penultimate weeks of March. June and September and the second week of December. Constituent changes are then implemented on the first business day of the following month. FT-SE 100 futures and traded options currently expire on the last business day of the month on the same quarterly

However, from June 1992 onwards, the time of the contracts' explry will change to the third Friday of the expiry month, causing a potential anomaly.

The proposed solution is that from June 1992. quarterly changes would be agreed and announced in the second week of the expiry month, and implemented on the Monday after the futures and options quarterly expiry.

Comments on these points from interested parties will be gratefully received by Mark Makepeace, Secretary, FT-SE 100 Steering Committee, London Stock Exchange, London EC2N 1HP. Fax number 071-410-6830.

its of £160.8m.

Group turnover rose by 18 per cent to £38.7m (£32.9m) and the pre-tax result was struck after net interest payable of £442,206 (£381,218). Losses per share were reduced from 8.63p to 0.39p and an unchanged 1p dividend is recommended for the year.

profits in spite of the Gulf war.

Unitech completes \$29m refinancing

Unitech, the electronics group, has completed a debt refinancing package through the issue of \$29m (£16.3m) of 7-year dol-The notes carry a coupon of

9.12 per cent and have been issued to a number of US-based insurance companies. Proceeds will be used to repay bank The nackage will further

diversify Unitech's sources of finance and lengthen the aver age maturity of its debt.

Ultramar arm finds

per day.

cent stake in the Mauree

£50,000,000 Floating Rate Notes

£28,157.79

Agent Bank Bering Brothers & Co., Limited

- At Dell Computer's headquarters in the suburbs of Austin, Texas, Ray shelton, a young technician with an easy smile and reassuring voice, dons a telephone headset and flicks a switch to take Sharon's toll-free call on the company's problem hot-line.

At Ray's side is a screen which he can use to call up information on every computer Dell has ever sold—a database containing more than 750,000 names and addresses.

All he needs is to tap in Sharon's system ID number and he can find out what model she is using, with what special features, and what its service history has been.

history has been.

It is useful when you are trying to talk a customer through a difficulty. It's also rather handy for Dell's telephone salesmen when marketing new products.

Welcome to what Dell calls "direct relationship marketing" - a formula which has made the company one of US and a phenomenon in the personal computer industry, where it has become one of the key players in a vicious price war - yet so far this year still kept profits rising sharply. Headed by the eponymous Michael Dell, a 26-year-old wunderkind who began the business in his college room, the company has grown from nothing in 1984 to a turnover this

year of around \$300m (£450m). Dell assembles PCs at plants in Texas and Ireland and sells the products direct to customers, avoiding retail outlets with their high markups. This has allowed it to undercut the larger companies.

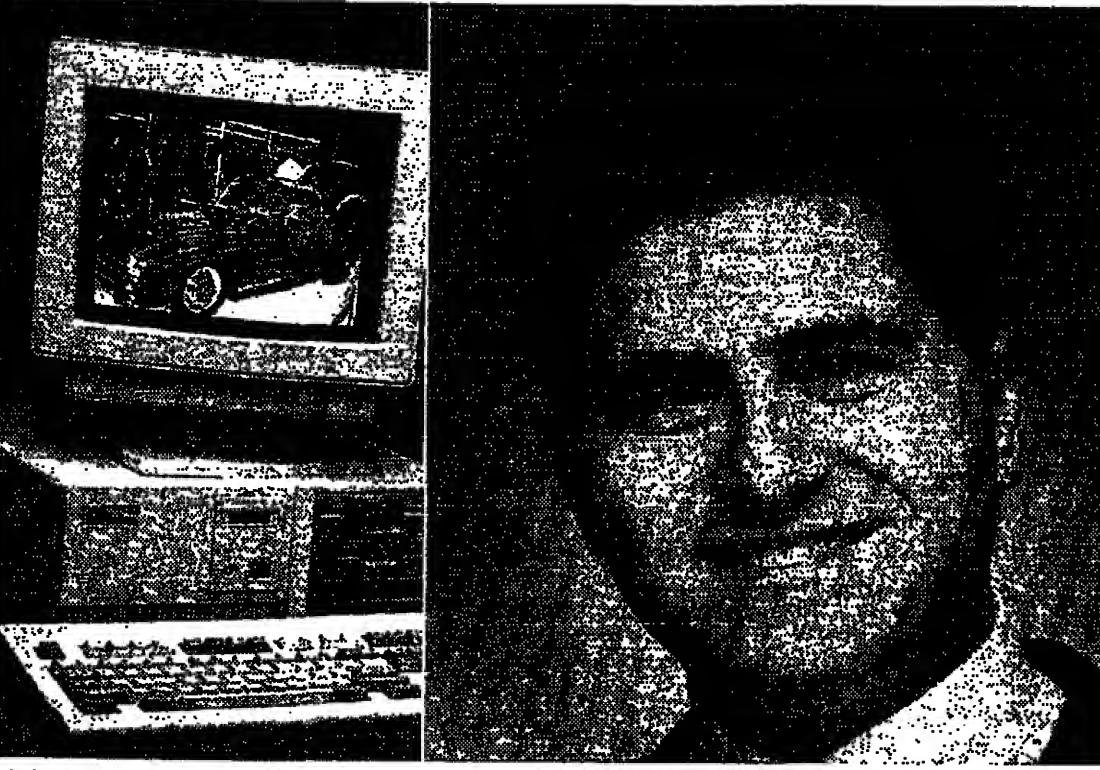
Competition from clone-manufacturers like Dell and AST, another US rival, has eaten into the market share of industry leaders like IBM and Compaq and forced them to slash prices.

Dell's achievement is due in large measure to the "commoditisation" of the PC market: over the past five years personal computers have become so standardised in their technology and so reliable in performance that customers have grown reluctant to pay the kind of premium prices demanded by the IBMs and Compaqs, and prepared to order machines from companies like Dell over the telephone, without first trying them out. However, Dell is much more than a simple cut-price "mail order" firm for it tries to forge a close, direct

relationship with its customers and offers them some of the best back-up services in the industry, all of which are designed to build brand loyalty. This relationship is based mainly on the telephone. And this constant talking to customers gives Dell another edge - fast feedback on buyers' likes and dislikes. This allows it to respond extremely quickly to

Educating Sharon

Martin Dickson explains how a 26-year-old whiz-kid has become a phenomenon in the personal computer industry



Dell Computer founder, Michael Dell: one of the key players in a vicious price war

changing market demands, and keep product inventory low. Dell's PC sales method, he adds reflects the way much larger mini computers have long been sold. "but by more efficient means - instead of going round in Cadillacs, wafting people out to lunch, we have six-minute

phone calls which include all the nec-

essaries". That is true up to a point. Yet Dell has also had to establish account executives in major US cities to handle its biggest corporate customers, and at the other end of the market it has begun to sell machines through computer "superstores" - cut-price supermarkets springing up across North America which allow manufacturers extremely thin profit margins. Dell's success stems ultimately from Michael Dell's unusual combination of talents: an self-confessed passion for, and understanding of technical "gismos"; and a precocious entrepreneurial drive, demonstrated at the age of 12 when he earned \$2,000 from organising a stamp auction and at high school when he became a top Houston newspaper subscription

salesman, earning \$18,000 by the age

It was in 1983, while a first-year student in the University of Texas at Austin, that he spotted the potential for selling computers directly to the

Dell, a quietly-spoken man with the air of someone older than 26, says he realised that while the normal retail distribution channels enjoyed high mark-ups they were not very efficient. People selling the machines did not know much about them - "they came from selling shoes, or cars or stereos or something" - and might take several days to fill an order for a specific model

Dell began by selling mainly to computer enthusiasts who were prepared to tinker with machines themselves and came to realise that corporate customers would not bite in large numbers unless he added back up services - crucially on site PC repairs,

which began in 1987. Around 55 per cent of Dell's US sales of \$500m now go to Fortune 1000 companies and government departments, about 12 per cent to so-called Value Added Resellers - middle men who customise products for a client's special needs - and the remainder to medium and small businesses. It is

selling around \$300m of products year internationally, mostly in Europe, where it recently set up manufacturing plant in low-tax Ireland. It has been particularly successful in Britain, its bridgehead on to continental Europe, and is now enjoying fast growth in France.

Harris says Dell launched into the UK with some trepidation. Cassandras had warned that "people there just wouldnt spend \$5,000 to \$10,000 on a product over the phone, sight unseen . . . but within two weeks of launch a guy walked into the office with £18,000 cash in his hands to buy computers.

But cut-price direct marketing will not get you that far unless you are selling quality goods, and Dell has developed a useful reputation for inexpensive, well-designed computers. The quality of its service is another selling point.

The company's manufacturing line bas the flexibility to customise orders to buyers' specific needs and Dell is now even starting to load software on the production line. Most PCs are shipped in five or less days from the date of order. Dell was the first PC manufacturer

to offer a toll-free hot-line for technical problems; guaranteed next day onsite service for its products (at no cost during the first year) through an outside contractor; and replacement machines by overnight delivery. It also runs a service which lets customers, using an automatic telephone system, get instant faxed copies of pages of Dell's technical computer manuals. The company has given its telephone technicians the power to replace machines on their own initiative, without referring to more senior management. For small business customers, unable to rely on quick repairs by in-house computer experts, these can be life-saving services.

To maintain the quality of its service, Dell holds weekly "customer care" meetings, where it analyses problems which customers have encountered over the previous seven

become "commoditised" - although sceptics question whether this is true

in such a notoriously fiddly area, and what Dell can bring to the party. Dell's progress has not been trouble-free. Two years ago its profits fell sharply after it got caught with too many high-priced memory chips and ploughed large amounts of money into an extremely ambitious but abortive attempt to build an engineering

workstation_ And it faces some formidable future threats. Its marketing formula is easily replicable, barriers to entry are low, and other companies are already trying to do to Dell what it has done to IBM and Compaq. Digital Equip-ment, the second largest computer company in the US, recently announced it would sell PCs over the phone, and Compaq is seriously considering the mail-order route. And these giants have one big advantage over the upstarts in the prolonged price war which is squeezing every-

To maintain and expand its position. Dell will have to keep up a flow of quality new products and keep innovating in its marketing methods and back-ups services, clearly identifying itself as unique creator of com-

one's margins - much deeper pock-

petitively-priced added value. Michael Dell is well aware of this. He says the company has succeeded so far because of its flexibility and lack of preconceived ideas, and he adds: "the failure of all great creative companies is that they stop being cre-

How can he guard against that? "We have to question everything we do, and don't assume that because something worked last year, it will work this year. We have to recreate the business all the time."



problems which customers have encountered over the previous seven days and those that still need fixing. Dell's sales are concentrated mainly at the less expensive end of the PC market, but it is now targetting the upper bracket. It is also starting to offer companies a service to network their PCs together. Networking, says Joel Kocher, who is responsible for US sales, is another area of computing which is about to become "commoditised" – although

By Gary Mead

he would spend £300 to sit for several

hours in a large hall listening to speakers tell them things they should already know and practise? Some 500 people attended the UK's Marketing Society annual conference in London last week, where they heard some of the great and the good consider the conference's theme, "Seven ways sharpen your competitive edge". The lights dimmed as a massive screen carried images of famous sporting events and personalities, each showing their own particular "edge", accompanied by a sub-Charlots of Fire musical theme. There

Never mind: at least the conference booklet was promising. "How will it be for you in 1992 and beyond, with yet more, even tougher competitors to fight off?" it asked. But anyone who turned up hoping for enlightenment would have left sadly disappointed.

could have hardly been a more

cliched opening to a confer-

Among the speakers, Jack Trout, a much-published US marketing analyst proudly announced that, when it comes to selling a product, "truth has no real bearing on the issue". Robert Louis-Dreyfus, the chief executive of Saatchi & Saatchi, praised the meteoric rise and glossed over the fall of his unhappy company, spic-

ing his presentation with some of his favourite television ads. After lunch, Sir Allen Sheppard, chairman of Grand Metropolitan, proudly noted his group's successes: "We expect people to achieve the impossible. We call this 'anti-gravitational management'. We set targets at the very edge of credibility - 'Magic Numbers'." He did, however, acknowledge that Häagen-Dazs' recent semi-naked ice-cream ads "are a little too sensual for my own taste" Robin Whitbread, marketing director of Sainsbury, emphasised the virtues of "quality, innovation, integrity, open-

By the end of the day, the "need for a level playing field", the importance of being "first with that new product" the value of "learning from our mistakes", and having "a long-term view" had repeatedly been impressed upon the audience. But what had been learned? First; treat with scepticism the blurb on conference booklets. Second; marketing people, generally, are like the rest of us - happiest when trumpeting success stories. No one said "go out and learn languages"; the European dimension was an absent guest.

Hardly the best way to prepare for a single European market, it may be thought. But far be it from me to prick

BUSINESS LAW

The limits of price competition

By Mark Friend and Derek Ridyard

ne of the difficulties facing advisers in the antitrust field is that they sometimes have to give unpalatable advice to clients. This is particularly so where the client is an company which has a dominant position in the market. Under EC competition rules, dominance refers to a degree of market power which allows a company to operate

and customers. Dominance is usually indi-cated by high market share typically 40 per cent or more although other factors, such as barriers to entry, are also rele-

without taking into account

the activities of its competitors

If it is relatively easy for new competitors to enter the market, the opportunity to act independently of competitors and customers will be correspondingly reduced. Uncompetitive pricing will tend to attract new entry.

There is no rule against dominance in EC competition law, but the abuse of a dominant position is prohibited by Article 86 of the Treaty of Rome and may lead to fines and actions for damages in national courts.

Dominant undertakings are subject to a stricter regulatory regime under the EC competition rules than their smaller competitors. Forms of commercial behaviour which may be acceptable when practised by a non-dominant company will be regarded as, an abuse under Article 86 when engaged in by

An example of this is predatory pricing - pricing at levels below cost in order to discipline or eliminate a competitor. EC competition law does not prevent a non-dominant undertaking selling at a loss. However, such a pricing policy pursued by a dominant undertaking may infringe Article 86.

. The problem in predatory pricing cases is to determine the dividing line between unlawful predatory action and legitimate competitive response. Too lenient an approach would make it easy for dominant firms to eliminate competition. Too interventionist a stance could lead to the perverse situation in which competition policy is used to deter exactly the kind of vigorous rivalry between firms which it exists to promote.

Take the position of an established manufacturer of widgets with a market share of, say. 70 per cent which sud-

denly finds itself faced with cut-price competition from a new entrant. In the absence of exceptional factors, a market share of 70 per cent would give rise to a presumption of domi-nance. How should the dominant producer react? Can it be expected to sit back and watch the erosion of its market share? How far can it go in reducing its prices to meet the competitive threat?

One solution is that pricing at or above average variable cost should be presumed to be

Although attractively simple, this price-cost rule creates problems. A system of anti-trust regulation which relied on it as a standard would be open to strategic manipulation by the dominant company (for example, deliberate decisions to over-invest so as to minim-

ise variable cost), leading to potentially unfair results.

The point at which prices will be considered predatory was the central issue considered. ered by the European Court of Justice in the Akzo case¹.

In 1979, a small UK company called ECS found itself the victim of an allegedly predatory campaign on the part of the chemicals giant Akzo apparently designed to force it out of business when ECS started to encroach on Akzo's customer

ECS was a small independent producer of benzoyl peroxide, an organic peroxide used as a catalyst in the manufacture of plastics and as a bleaching agent for the treat-ment of flour. Having started in business in the flour additives sector, ECS sought to expand into plastics in the UK and Germany in competition with Akzo, the market leader, selling at prices 15 to 20 per

cent below Akzo's. In the late 1970s and early 1980s, Akzo's share of the European market for the organic peroxides was about 50 per cent, compared to 1 per cent for ECS. In the UK market for bleaching agents, Akzo was alleged to have begun threatening ECS that unless it withdrew from the plastics market, Akzo would retaliate with overall price reductions and selective price cuts aimed at ECS's customers - particularly in the flour additives sec-

In December 1979, ECS brought proceedings for breach of Article 86 in the High Court and obtained an injunction preventing Akzo from reducing its

selling prices. Akzo subsequently gave an undertaking not to reduce its normal selling prices with the intention of eliminating ECS as a competi-tor, but was later alleged by ECS to have breached that undertaking.

In December 1982, European Commission officials raided Akzo's premises and in July 1983 the Commission adopted "interim measures" (similar to an interlocutory injunction) prohibiting Akzo from selling below specified prices and dis-criminating in the prices charged for comparable trans-

At the same time, the Commission continued to investigate Akzo's activities, culminating in December 1985 in a formal finding of infringement against Akzo and the imposition of fines totalling Eculom (£7.14m).

The Commission found that Akzo's 50 per cent share of the market for organic peroxides gave it a dominant position which had been abused in a manner contrary to Article 86. Although Akzo argued strongly that its prices could not be predatory since they were above average variable cost, the Commission rejected the use of any cost-based rule as a test for predation. Instead, it based its findings of abuse largely on the evidence of predatory intent on the part of

Some of this evidence, for example the theats issued by Akzo and the detailed plans for retaliation, clearly suggest predatory intent. Other aspects of the case against Akzo, such as its desire to maintain mar-ket share, and the fact that price cuts were targeted selectively at the areas where Akzo faced competition, are more open to interpretation. Arguably, they signify nothing more

than vigorous competition. The problem for dominant undertaking and their advisers following the Commission's decision in Akzo was that the limits of lawful price competition remained unclear.

To some extent, this deficiency has now been remedied by the European Court's ruling in the Akzo case which places greater emphasis on a per se rule. The Commission's 1985 decision was substantially upheld by the Court, although the fine imposed on Akzo was reduced to Ecu7.5m, in part because the Court recognised that this was a relatively undeveloped area of the law.

According to the Court. prices below average variable cost by which a dominant undertaking seeks to eliminate a competitor will be regarded as abusive: the rationale being that the dominant company could have no other motive than predation since each sale involved a deliberate decision to incur a loss.

In addition, the Court held that prices below total cost but above average variable cost will be regarded as abusive when they are part of a cam-paign aimed at destroying a rival, since they may force an equally efficient but smaller rival out of business.

While the certainty provided by the Court's approach to pricing below average variable cost is to be welcomed, the judgment still leaves a grey area where prices are between variable and total cost.

Although loss-making in the accounting sense, such sales still make a positive net contribution to the dominant company's finances. To deny a dominant undertaking the freedom to respond to a competitor by adopting such a pricing strategy is to prevent what may be the most efficient competitive

When a market is thrown into imbalance by a new entrant, the loss-minimising strategy for the dominant firm is to ignore fixed costs and to attempt to earn a margin over those costs which are controllable (that is, those that vary

with output). The Akzo Decision shows that such a response leaves the dominant company open to a charge of abuse under Article 86. On the other hand, a less vigorous reaction will simply make it easier for the new entrant to establish a footbold in the market, and at the same time damaging the commercial interests of the dominant com-

The unpalatable advice to dominant companies faced with this dilemma is that they may have to compete with one hand tied behind their backs and allow the entrant to become an established player in the market if they are to avoid the risk of heavy fines. Case C-62/86, Alezo Chemie

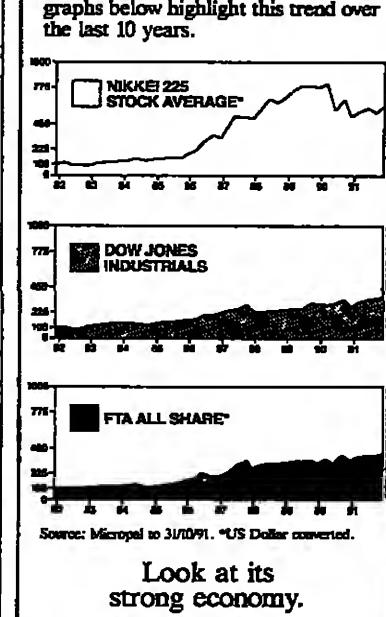
BV v Commission, judgment of

July 3 1991. Mark Friend is a partner in City solicitors, Allen & Overy. Derek Riduard is a senior consultant with NERA, economic consultants.

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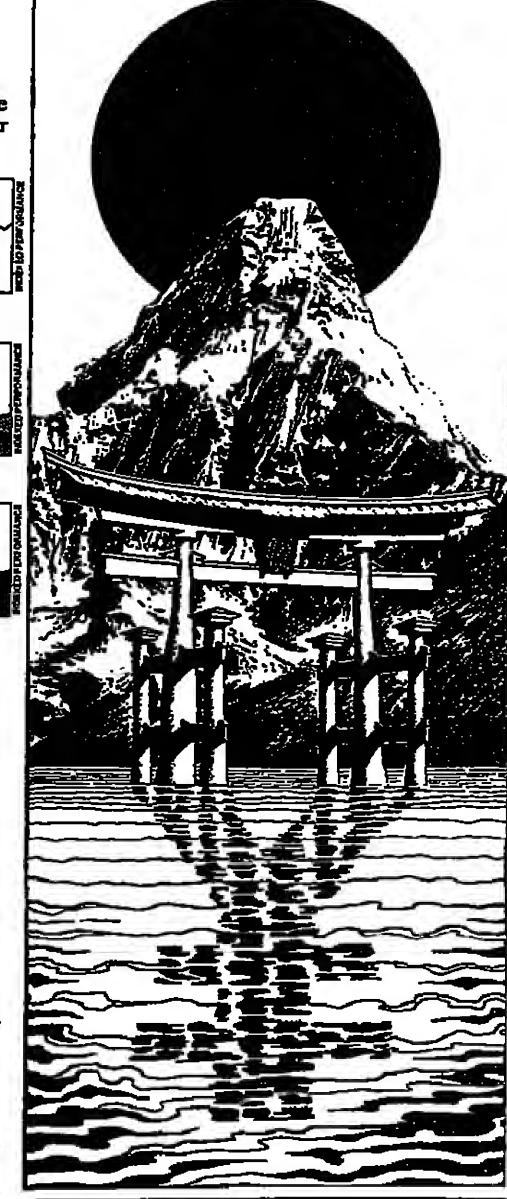
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TECHNOLOGY

Ford puts out a cleaner cat

By John Griffiths

ord is claiming a world first with a catalytic con-verter said to be fully effective within a few seconds of the vehicle being started. Conventional "cats" take several minutes to reach operating temperature.

The new system is the prod-uct of collaboration between engineers at Ford's research and engineering centre at Dunton. Essex, and experts at Cambridge University's engineering department

According to Ford, the new cat reduces by 80 per cent the amount of unburned hydrocarbons and carbon monoxide emissions produced during the

warm-up period.

A catalytic converter does not attain peak efficiency until it reaches 450 deg C. Ford's method involves heating the catalyst by briefly igniting a measured mixture of fuel and air in an "afterburner" slightly upstream of the catalyst.

Fuel for the afterburner is delivered via the exhaust stream by calibrating the engine to run temporarily with an excess of petrol relative to air. The air is supplied via an electrically-driven pump. The principle is the same as applied

to jet aircraft engines. The system promises to be as effective, and potentially cheaper, than alternatives currently being applied by some makers of large-capacity vehicles, where the warm up

longed, Rolls-Royce uses a second, smaller catalyst close to the exhaust manifold to clean up the gases before they arrive at the main catalyst.

Another approach is to preheat the catalyst electrically.
The drawback, however, is the large current required – up to 500 amps in the case of a 12volt system.

"Since two-thirds of car journeys are less than five miles, the warming-up period of each journey accounts for a significant proportion of overall emissions," according to Tom Ma, Ford's technical specialist who has led the Exhaust Gas Ignition (EGI) project with Cambridge's Nick Collings.

On such a short journey, up to 80 per cent of total emissions could be produced during the conventional catalyst's typical two-minute warming-up period, says Collings. "So with the fast warm-up system, as many as three short journeys can be made and produce less emissions than a similar jour-

ney using current technology. Ford, which claims title to the patent for the system, says it could be available on production cars within the next three years. It is not yet prepared to put a price estimate on it. However, since the temporary fuel mixture enrichment is mainly a matter of programming, the additional equipment involved - air pump, ignitor and minor plumbing - is unlikely to add

problem is particularly prosignificantly to overall cost. Ford's fast warm-up system for catalysts G. Er → → Air Rich mixture Combustible Catalyst exhaust

arning a sow's ear into a silk purse is always difficult, espe-cially when the seamstresses can't stop arguing about what the finished product should look like. Time is running out for the tailors trying to stitch Brussels' existing strategy on high-definition television (HDTV) on to new proposals which might satisfy Europe's television broadcasters and manufacturers.
The discredited 1986 direc-

tive on satellite broadcasting standards expires at the end of next month. The EC's broadcasters - not slow to spot a commercial opportunity - have already eluded the measure's requirement to broadcast using an Intermediate standard, D2-Mac. by transmitting on lower-powered telecommunications satellites. They are likely to push on with alternative strategies and technologies if no replacement directive is approved.

Elsewhere, Japan began eight hours a day of HDTV broadcasts - using its own standard - on Monday, and the US is rapidly developing digital HDTV technology for broadcast by satellite, cable and terrestrial transmission. But the EC debate is no longer bogged down. Last week in Strasbourg, the European Parliament approved a ragged patchwork of liberalising amendments to the European

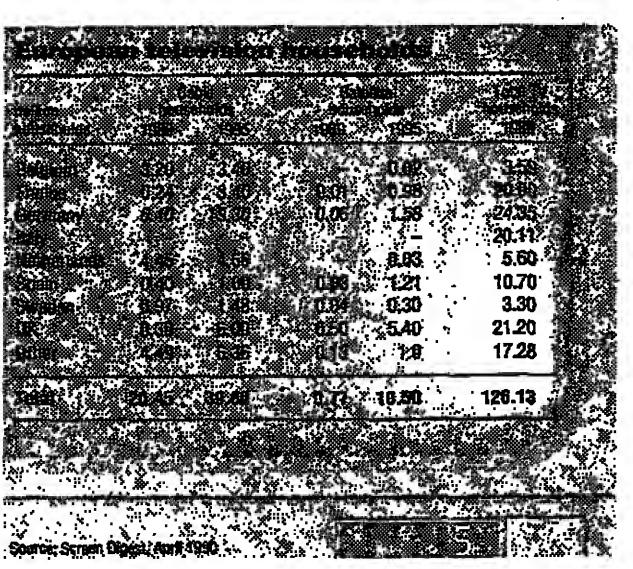
Commission's replacement HDTV directive. The Dutch presidency of the EC now intends to move the longawaited meeting of EC telecommunications ministers (sole agenda item: HDTV) from December 5 to a date closer to Christmas. Filippo Maria Pandolfi, the embattled telecommunications commissioner. has indicated that Brussels will accept many of the Parliament's revisions.

Pandolfi's platform for the last six months of strife with member states has been the original draft directive. It would require all new satellite services to broadcast in D2-Mac - which provides pictures of slightly better quality than normal broadcasts - as a step towards the goal of a single, fully-fledged European HDTV standard, HD-Mac.

At the same time, Pandolfi has been straining to drag the industry interest groups closer together. Broadly, most broadcasters want a directive which would not end or stunt the development of existing services, which are broadcast successfully to a growing audience using other satellite norms. Electronics manufacturers,

Andrew Hill reports on the latest round of political wrangling surrounding European HDTV

Frayed at the seams



such as Philips of the Netherlands and Thomson of France. want legislation which will back up their decision to invest heavily in D2-Mac technology. Pandolfi's solution to this stand-off has been to plead with industry groups to sign a letter of intent and, in due course, a legally-binding mem-orandum of understanding which, alongside the directive, would promote the broadcast of HDTV programmes and the sale of new wide-screen televisions in a 16:9 format. The commissioner has also proposed incentives of Eculbn (£700m) over five years to encourage broadcasters to transmit their current services simultaneously in the existing

satellite norms and D2-Mac. The parliamentary amendments - most of them tabled by the French socialist MEP Gerard Caudron ~ would make the original proposal less restrictive.

 Digital technology. For the first time, the Commission is ready to broaden its goal of HD-Mac as the only HDTV standard for Europe. That aim had worried those in industry

who suspected that digital HDTV technology – with its purer signal and more flexible application - would overtake analogue HD-Mac, sooner rather than later. The Commission seems likely to accept that HD-Mac should be the sole standard for any transmission "not exclusively digital".

However, Brussels is almost certain to reject one last-minute amendment - voted through "accidentally" according to some observers in the Parliament last Wednesday night - which appears to make HD-Mac completely optional. That would allow Japanese HDTV standards to be used in Europe, a relaxing of the original aims which would go further than even the most liberal critics of the mea-

sure would want. • Timing. HDTV is not a static technology. The "loophole" in the existing directive opened up partly because transmission of TV broadcasts via telecommunications satellites was difficult or impossible when the measure was being drafted. The Commission's original expiry date for the

new directive was the end of 2001, but the Parliament has proposed shortening the dead-line to 1997. This would allow the EC to abandon an unworkable HDTV strategy based on old technologies, if new alternatives emerged.

The consumer. Consumer organisations complain they have never been formally consulted on the HDTV strategy. The Parliament has tried to meet such complaints by limit.

meet such complaints by limit-ing the cost to the consumer of the new proposal, which had been estimated at up to

Ecu21bn over 10 years.
Only new wide-screen 16:9 televisions would have to incorporate internal D2-Mac decoders, and then only from January 1994, rather than 1993. Ordinary 4:3 format televisions would still be available after that date, but would have to be manufactured with a socket for a D2-Mac decoder.

• Simulcasting. This is perhaps the most contentious area and the one in which the parhamentary amendments are least clear. Broadcasters are opposed to any element of compulsory simulcasting, which involves broadcasting two signais simultaneously, because they say it would be too costly and impractical.

As drafted, the parliamentary amendments seem to quell some of those fears. They suggest that services beginning after the date of the directive's implementation, and using new satellites, would have to simulcast in D2-Mac and other norms. That steps back from the original draft, which restricted new services to D2-Mac only.

Simultaneous D2-Mac transmissions "will be sought" for existing pay-TV services from January 1 1994, and for other existing services from 1996, following a Commission report on the state of play in the EC sat-

ellite market. The Commission's task is now to produce a presentable version of what emerged in Strasbourg last week. It will have to satisfy member states that vague references to "meaningful" financing in the parliamentary amendments can be defined and any cash commitments met from the

stretched EC budget. But when telecommunications ministers meet near Christmas, Pandolfi may now be able to give them enough material to stitch together a deal: one loose enough to allow the European HDTV industry to grow, but not so loose as to leave it naked in the fierce competition with the Japanese and Americans.

Trap set for BT share fraudsters

By Hugo Dixon

Prian Smith has made 15 separate applications for BT shares in the expectation of making a killing in the UK government's share sale next week.

But, knowing multiple appli-cations are illegal, he has dis-guised them by deliberately misspelling his name - Bryan Smith, Brian Smythe, B.C. Smith - and using slightly dif-ferent addresses such as 4/137 Gloucester Terrace and 137-4 Gloster Terace (sic). Given that more than 5m

people have registered for the share sale, and that it is legal for several members of the same family to make separate applications, how do the government's advisers discover that Brian Smith has made multiple applications and distinguish him from the genuine The answer is Trap - an

"expert" computer system developed by accountants Touche Ross: The system was developed for previous government privatisations but has been continually updated to try to fall the latest tricks of the fraudsters. So far, 282 letters have been

fired off to people suspected of registering more than once, asking them to produce birth certificates for each person reg-One replied: "Yes, I have 15 children but it will take an

awfully long time to get their birth certificates." Another, a pensioner, wrote an angry letter claiming that the 30 registrations in his name were unsolicited mail".

The letters are intended to deter people from carrying through with a fraud. But, if they persist, they can be fined or sent to prison. Trap works in two phases.

The first, known as "fuzzy matching", highlights applications which appear to be from the same address. Touche Ross' Chris Rees explains: "It is very easy to invent new names but much more difficult to invent new addresses and still get the stuff delivered. Fuzzy matching effectively works like a good postman who would be able to deliver the mail even if the address was slightly wrong." The second phase, the true

expert system, sifts through

the list of applications from the same address to see which look suspicious. In earlier privatisations, this job was done manu-ally by Touche Ross's team of

forensic accountants. But when the electricity industry was privatised. Touche Ross's computer programmers sat down with the forensic accountants to tease out the rules of thumb they use to spot scams. These rules

were then built into an expert Although Trap cannot catch every fraud, Rees says people often give themselves away. One example is the "alphabet" application, where somebody applies with names like Albert Jones, Bob Jones, Charles Jones and David Jones. Another is the "gas ring", so called because it was first iden-

tified during the British Gas privatisation. This involves a conspiracy where each member makes an application not only from their own homes but also from the homes of every other member of the conspiracy. Rees says putting the exper-

tise on to a computer system has three advantages. First, it is more methodical because the computer uses the rules of thumb developed by every member of the team and does not get tired. Second, it is quicker - something important when the number of people applying for shares is so

Finally, by catching routine frauds, it allows the forensic accountants - who will number 50 at the height of the investigation - to concentrate on spotting new wheezes. The expert system can then be undated to search for other examples of the new fraud. During the electricity privatisation, for example, Touche

Ross discovered that fraudsters

were trying to avoid being

caught by getting their build

ing societies to write cheques on their behalf. Touche Ross says it always needs to keep one step ahead o. the game and it is therefore unwilling to reveal exactly how its system works for fear that fraudsters will then know what they can get away with 'I don't want to give the thieves too many clues," say:

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How Charles Laughton's

luxurious old hotel was rebuilt

from the ruins Page 3

BRITISH cities have done as well as Bristol in recent months. Two weeks ago, the Ministry of Defence announced its intention to take over the whole of the 108-acre Bristol Business Park and relocate the procurement executive to the area, a move that will bring 5,500 jobs, 1,500 of them to be recruited locally.

Six weeks earlier, a new life company, National Westminster Life Assurance, was set up in conjunction with Clerical Medical, a step that will create 1,000 jobs. Lloyds Bank has transferred a head-office operation from London and is already employing some 800 in a purpose-built building facing the waterfront at Canons Marsh and intends to take the number of employees up to

These are the sort of decisions many other places must envy. Yet behind this undoubted success there is a pervading lack of confidence. It is as though Bristol cannot believe its good fortune and thinks that another bolt is about to drop out of the sky and destroy its good luck.

The trouble is that Bristol

has taken the undoubted decline in its economic fortunes badly. Five years ago the place was described as Sunbelt City. The city had ridden the

1981 recession well. It had already begun the long move out of its traditional industries of tobacco, printing, engineering, confectionery and wine; and its two core industries, defence and financial services. were less affected by the downturn than most others. The finance industry was even hir-ing people. There was wild talk about Bristol becoming England's second financial cen-

tre after London. Even five years ago the city felt it could move upwards for ever. That confidence has been rudely shattered by the present recession. The unemployment rise in the county of Avon has been the second largest in the UK over the past 12 months. One observer has pointed out that "the economic make-up of Bristol had come to resemble closely that of the South East of England. And it is suffering the same traumas." This recession has severely hit the financial and defence

sectors. Defence, based around British Aerospace and Rolls-Royce, has been badly hit and the government's Options for Change programme has left the city wondering how much worse the situation will become. There have been redundancies in finance. If these two seemingly recessionproof industries can be so badly affected what other bad



SCENES in a flourishing city with a distinguished past the Sun Life Assurance building: the Clifton Suspension Bridge over the Avon Gorge; and SS Great Britain, after being salvaged from the Falkland Islands, being restored in the dock where Brunel built it

A cloudy outlook

An impressive number of leading public and private organisations have transferred their operations to Bristol. But the city's satisfaction at this trend is accompanied by a widespread anxiety that its run of luck may suddenly end, writes Anthony Moreton

news is coming, observers ask. Bristol is, too, a city at odds with itself. There can be few places where the business community is so much in conflict with the local authorities. There is an almost total lack of confidence in the business community about the ability of elected members or officers to guide Bristol's economic and social development along desirable routes.

Businessmen accuse the strongly Labour city council of pursuing irrelevant policies and being antagonistic towards new, modern industries, especially those in finance and tourism. They despair that the city has cut its own economic development marketing budget to almost nothing. The council responds that

government policies have not

only made it much more difficult to overcome the problems facing inner cities but have actually left local authorities carrying the can for those problems. It argues that rate capping in general, restricting capital spending and the set-ting up of the urban development corporation, which it strongly opposed, will not bring back the sort of jobs the city needs. Bristol's political leaders point to the loss of manufacturing jobs (only 18 per cent of the workforce is now in this sector), the loss of jobs in inner-city areas such as Hartcliffe and the increase in

They say the government has its priorities wrong and that new offices around Temple Meads, as proposed by Bris-

part-time jobs, mostly for

tol Development Corporation, will further unbalance the economic and social fabric and do little to overcome the social problems that exist on some of the estates.

The development corporation hopes to have government permission for its Temple Meads scheme, which would provide up to 1m sq ft of office space and bring in a lot of private capital, by the end of this year. It also hopes to have the go-ahead for the £49m spine road linking the M32 motorway and the A4 road to Bath, which it sees as crucial towards unlocking the development potential of the inner city as well as providing traffic relief. early next year. However, the worst may be

over even if the recovery is

some way off. In London, Mr

for its presumed "anti-business

culture". Mr Christopher

Godfrey, of lawyers Burges Salmon, says "there is too

much complacency. Not

enough is being done to boost Bristol. In Birmingham, there is civic pride. We don't have

that." Another, anonymous

businessman, adds: "Bristol is

just not living up to expecta-tions. The city is flat and has

been overtaken by places like

Birmingham and Leeds which

ot everyone takes that view. Mr Chris Dunker-ley, managing director

of the investment bank Dar-

tington, says that Bristol is

buoyant and will overcome its

problems. "Its position is

superb, its workforce excellent

and when the upturn comes

full advantage of it."

Bristol is well placed to take

Mr Mike West, Bristol's eco-

nomic development officer,

agrees. "There has been a sud-

den upturn in inquiries from

firms considering coming here,

more in the last two months

than in the previous two years.

We were losing 2,000 jobs a

months earlier this year and

manufacturing had failen to

about 18 per cent of all employ-

ment. But we have already

attracted firms like Brooktree

Electronics and Eastwood and

in Bristol.

the future is more hopeful."

are bursting with life."

David Kern, chief economist at National Westminster Bank, says the recession is still having a serious impact on the south-west economy but Bristol should begin to experience "modest recovery" next year.

"Defence changes will inevi-tably affect employment prospects and many of the financial institutions which moved into Bristol during the 1980s have shed jobs in recent months, exacerbating the unemployment," he says. "Although the immediate outlook is not encouraging a gradual upturn during 1992 is likely."

Mr Alec Ewens, president of the Bristol Chamber of Commerce, who notes a softening of the council's attitude towards business, agrees. "Business activity is continuing to contract, though the rate of contraction has slowed," he says. In the next 12 months both manufacturing and service industries expect some recovery, however patchy." The rise in unemployment has contributed to an increase in social problems, especially in the older parts of the city in

suburbs such as Hartcliffe and Southmead. One Co-operative store in Southmead was forced to close last month because of attacks on the staff. Confronted with these economic and social problems critics have attacked the council

Finance: the institutions take stock. Defence: peace

blow to jobs. Manufacturing: pain of recession

IN THIS SURVEY

Tourism: new hotels are short of clients. Development: the spine road issue and other controversies

The Arts: theatres prosper but music is homeless, Education: cash problems for university and poly. Transport: trams and troileys may return

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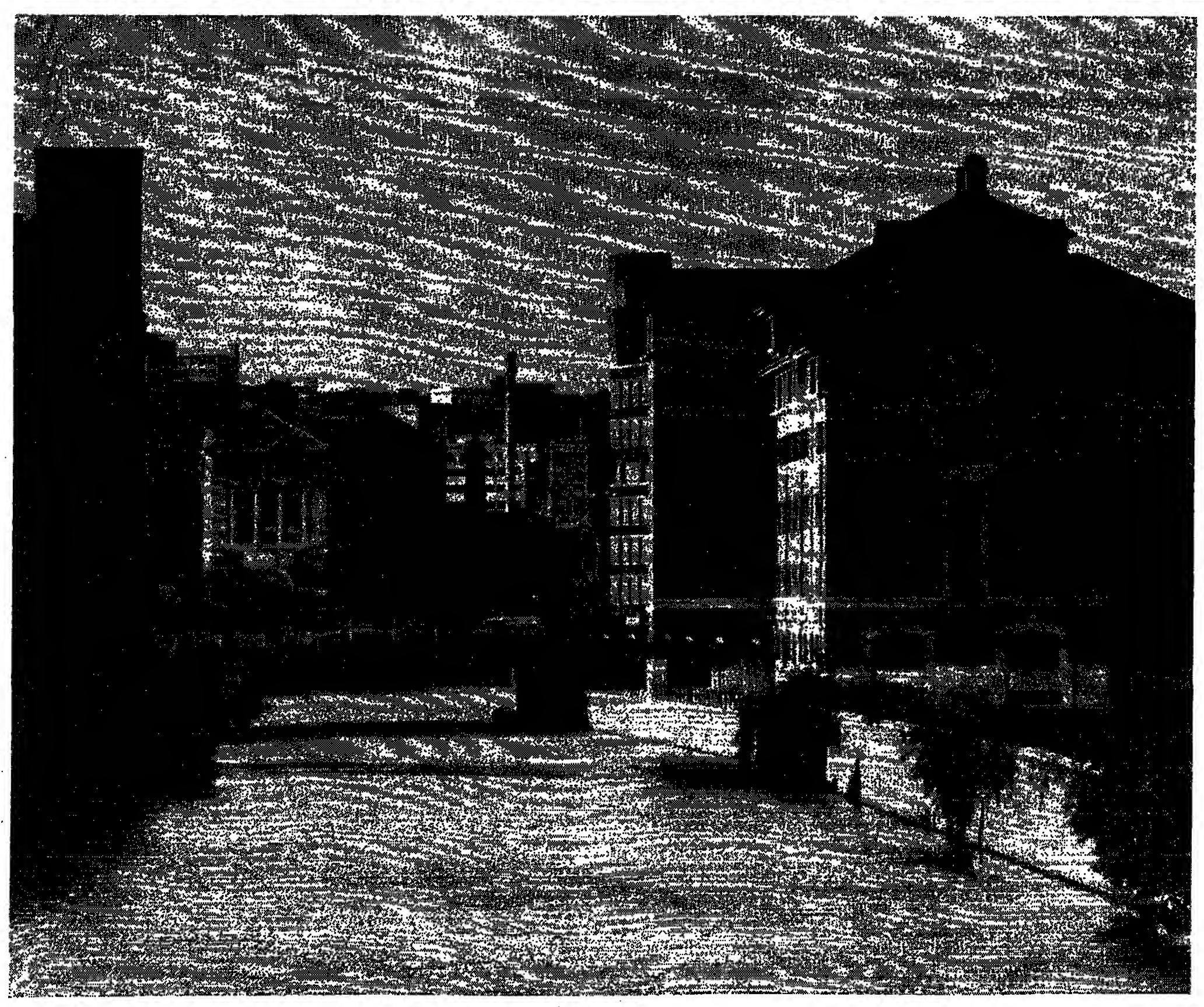
Page 5

If that hope is to be transformed into reality Bristol needs a more radical approach, according to Mr Richard Lalonde, president of the Bris-tol Property Agents Association. One of those radical solutions is the spine road being pushed through by Bristol Development Corporation to link the M32 motorway entrance to the city with the

Bath road exit. Mr Bob Durie of J P Sturge's, the leading estate agent, believes that Bristol would benefit from the appointment of a city manager "to harness the energies of the many organisations dedicated towards improving the profile of Bristol". That manager would have to come from the private sector, he says.

Not a feasible solution, perhaps. More feasible is an idea that turns the clock back to progress. Five centuries ago, Cabot sailed in the Matthew from Bristol and discovered Newfoundland. In 1997, the year of the 500th anniversary, Mr St John Hartnell, of estate agents Hartnell, Taylor, Cook, wants Bristol to commemorate the event by building a replica of the Matthew, to attract the Tall Ships Race and hold a mini Expo. "That would really push Bristol into the next century," he says. That push is certainly wanted.

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CORPORATION

mee Director

Anthony Moreton talks to the financiers who chose Bristol LLOYDS BANK'S new Bristol No haven from recession

office at Canons Marsh gleams in the sunlight across the water from the Lifeboat Museum, all cream and white bricks and concrete. The building, which houses an operation transferred from London, aiready employs 800 and work is going ahead on an extension which should take the numbers eventually to around

Lloyds' choice of Bristol rather than Cardiff, its near neighbour across the Severn estuary, or one of another 40 places around Britain the bank looked at. was a tremendous boost to the city's ambitions to become a leading financial centre in the UK.

Four or five years ago it was common talk in Bristol about how the city, with its interna-tional roots trailing back for over two centuries, aimed at becoming the second financial city in England after London. Its business leaders pointed to a healthy stockbroking community, one of the top 10 building societies, four major insurance companies with headquarters in the city, all the leading accountants and two or three top-grade firms of

lawyers. Some of the gloss has worn off that talk in the intervening years as the recession has taken its toll on the city—a toll as great as anywhere else in southern England. Bristol managed to escape the worst effects of the 1981 recession because the financial sector was still growing. This time, the sector has suf-

fered as much as it has in London and the South East and redundancies have occurred. There have been closures. amalgamations and lay-offs. The stock exchange has closed, market-making among the brokers has ended, some brokers have closed, others have merged into out-of-town

Mr Lewis Evans, managing director of Girobank, is sceptical in any case of Bristol's original claim to be England's second financial city. "Bristol is good for us on the corporate



Girobank's Lewis Evans: need for a sense of proportion

side," he says, "and we have good customers in the South West such as Inn Leisure, the managed-house division of brewers Devenish, and London and Manchester Assurance. The city is very much a growth area but it is still a long way

behind Leeds, Birmingham and Manchester, let alone Edinburgh, in the totality and weight of financial services it

He is supported by Mr Tony FitzSimons, managing director of the Bristol and West Build-ing Society. "Bristol is certainly an important financial centre and a growing one in the long term. But it is not England's second financial city and I doubt if, deep down, it has the ambition to win that accolade.

"One of its problems is that the needs of the institutions have outstripped the ability of Bristol to supply them. Costs have been forced up and there is a real danger that potential incomers to the city will increasingly look elsewhere." That view is not a popular

one and it is, fairly, pointed out that the level of business sophistication is sufficiently

handle all but the most intricate of financial deals. National Westminster Bank, for one, does not share it. It is now, through its various arms, the largest single player in the financial sector with County NatWest Ventures, its venture capital arm which opened last February, NatWest Insurance Services, NatWest Registrars, which has become lead receiving bank for British Telecom, and the recent move with Clerical Medical to set up National Westminster Life Assurance.

"Bristol is a highly impor-tant financial centre now," says Mr Neil Brockbank, regional director. "The great strength of the city is is ability to supply virtually all the services available in London with the same degree of professionalism but at considerably lower cost." That confidence is repeated

by Mr Christopher Godfrey, a partner in Burges Salmon, one of the leading firms of lawyers in the city. The legal infra-structure is such that Bristol is in an excellent position to service companies," he says. "We would not presume to challenge the very largest London firms which are working for the likes of leading companies on the Stock Exchange such as Rolls-Royce or Grand Metropolitan but we can service the rest as well as the pext firm.

"We are the only provincial firm with a significant unit trust business, which illustrates not only how a city like Bristol has developed but also how its participants have managed to capture niche busi-

Because of its international background Bristol has also managed to develop its overseas connections. Lawrence



Efficient services: one of Bristol's new accountancy offices

Tucketts is part of the first European Economic Interest Group called Elf (the European Law Firm) which links firms in eight countries; Osborne Clarke has opened offices in Brussels, Copenhagen and Lyons: Bevan Ashford has joined a European network of legal firms called Advoc; Wansbroughs Willey Hargrave is to launch a network of legal and insurance expertise with offices in six European capi-tals; and Veale Wasbrough has a loose association with law firms in the major European countries through its membership of a British legal group called The Association.

Within banking Mr Chris Dunkerley, managing director of Dartington, says it is the group's aim "to become the leading investment bank for the South West" though at

After the expanding 1980s, it's the shrinking 1990s

Singer Friedlander Mr Edmund Bruegger, director in the city, admits that "while Bristol is a city full of business energy some of the changes which have taken place have reduced the city's ability to compete at the very top level."

He points out that there is now no wholly-owned native Bristol broking firm. "The broking sector remains important but rationalisation has seen firms like Laws merge into national groups such as Allied Provincial and Heseltine Moss into Brown Shipley." Stock Beech, the last to

maintain a market-making function, however small. is now part of Albert E Sharp the Birmingham broker, following the collapse of British and Commonwealth, its parent Sharp has transferred the market-making side to Birming-

ham. Singer and Friedlander remains a full-service merchant bank. "Our presence helps to bring investment into this part of the world," Mr Bruegger says, but he admits that getting new business is "slow". Ever an optimist, he adds: "Our book has grown quite nicely over the last year and our future in the region is

a healthy one." The investment group 3i is also optimistic about the future. The group's current investment in the South West rose by nearly 10 per cent last year to £110m, figures which Mr Graham Spooner, the local director, says "reflect the level of confidence local managers

growth capital increasing over the next few months." What Bristol now has to ensure is that the growth which it has undoubtedly sustained over the past decade, growth which has seen it become an important part of the British financial-services sector, is not undermined by

have in the long-term pros-

pects for the economy. We cer-

tainly expect to see demand for

outside factors. There are dangers that rising office rents and secretarial wage levels could force potential entrants to the city to look elsewhere.

Even more important, there are fears that these could force existing concerns in the city to move out. Western Provident has already taken this step. going to Taunton, and others have gone out-of-town, to Aztec West or one of the other business parks.

There is also a danger that the local authorities do not sufficiently recognise the contribution a financial-services industry can bring to the economy. If more firms are to be enticed in more buildings are needed, including more in the city centre.

There is already a shortage of top-class office space and unless decisions are taken now about planning applications the flow of incomers will dry up in three, four or five years.

South-west is 'worst hit' by defence spending cuts

Two cheers for peace

AMONG ALL the issues concerning the future of Bristol none occupies as much attention as the consequences of the peace dividend.

Bristol is a large supplier to the defence industry: not just Rolls-Royce and British Aerospace, with their giant works at Filton, but a host of smaller concerns. The city has lost more than 5,000 jobs in the defence sector this year alone and is naturally concerned about future developments. How many more will go because of the easing of East-West tension? Will the prosperity of the city be irreparably

Some short-term relief was afforded by the Gulf War earher this year and the need to repair holes that occurred in the fabric of defence as a result of that short conflagration. However, the decline in defence spending, already evidenced in the government's discussion document Options for Change, is a fact of life. Its effect is exacerbated by changes in buying patterns for commercial aircraft.

sector is therefore not bright. But how bad is it? To seek the answer the city of Bristol and the seven counties in the South West commissioned the research unit in defence economics at Bristol Polytechnic to study the whole matter. Earlier this year, four academics Dr Derek Braddon, Mr Adrian Kendry, Mr Paul Dowdall and Mr Peter Cullen, produced a

The future in the defence

paper offering some answers. Entitled "The Impact of Reduced Military Expenditure on the Economy of South West England", it estimated that defence spending in the region amounted to £3.88bn a year, some 18.8 per cent of total defence spending in the UK.

The team did not isolate the role and position of Bristol but as the city is undoubtedly the major single contributor to the defence industry within the region it would bear the brunt of the economic consequences, This is not to devalue the economic contribution of Plymouth, Gloucester, Cheltenham, Yeovil, Devizes, Honiton, Newquay and other places. It

merely puts it in perspective. The team found that 155.000 jobs across the region "depend directly and indirectly on defence expenditure". Furthermore: "The South West is the most defence-dependent region in the UK with spending per capita for 1990 at £720 considerably more than twice the

national average". With the foundations for a new European defence industrial base being put in place the authors state this will have considerable implications for a defence-dependent region such as the South West. The academic team forecasts

that by the year 2000 at least 40,000 of the area's defence-dependent jobs will be lost. To this must be added another 12,000 non-defence jobs as a consequence of reduced spending patterns. Some relief could come from increased exports but "there is

efficacy as they become increasingly congested' The figure of 52,000 losses is therefore a low estimate.

growing evidence that these

escape routes' are losing their

"Companies with even moderate defence exposure face overall closure as defence cutbacks take them below the 'critical mass' level of operation," the academics declare.

They conclude that defence spending in the 1980s "contributed to prosperity and employment, insulating the region from the worst effects of economic recession. Without effective policy response, defence cuts in the 1990s will fracture this insulation, exposing the South West economy to the shock of rapid and unco-ordinated economic change."

The authors concede that while this is a pessimistic forecast the changes offer "an unprecedented opportunity" to lay the foundations for regional economic prosperity for the next century. "A positive and facilitating approach to change can propel the South West forward into new markets, diminishing growing concern that the region may otherwise slip into the economic backwaters of a new Europe."

Anthony Moreton

September 1991

September 1991

Parkdean Leisure Limited

has acquired

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Ernst & Young Corporate Finance are

pleased to have advised Parkdean on this

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has introduced new management and

lunding lacilities of an undisclosed sum

from County NatWest Ventures Ltd and

National Westminster Bank PLC.

Ernst & Young Corporate Finance

are pleased to have advised the new

management in this transaction.

transaction.

Industry in a cold climate IN THE 1980s, Bristol emerged Mr Mike West, senior eco-Adour for the Jaguar and nomic development officer at Hawk trainer and the Eurojet city hall, says: "this is the first EJ 200 made in consortium

as one of Britain's most successful cities.

New industries in services and electronics moved in and created jobs to replace those lost in the traditional sectors of tobacco, paper and board and food and drink.

Clerical Medical Investment. Sun Life, London Life, Lloyds Bank and National Westminster insurance services division transferred to Bristol either their headquarters or parts of their operations. Hewlett Packard added to the tech-British Aerospace and Rolls

Around 20,000 jobs have been lost in tobacco and paper since the late 1970s, equivalent to 5 per cent of the workforce of around 380,000 in the Bristol travel-to-work-area. Tobacco, paper, packaging, printing, food and drink still account for 25 per cent of the manufacturing workforce, but as a percentage of the total workforce, manufacturing has shrunk to 18 per cent, well below the national average of

24 per cent. Weish industrial areas and former railway towns such as Peterborough and Swindon fought to attract footloose companies from the overcrowded south-east of England with offers of financial incentives or cheap land and labour.

Bristol, however, seemed able to attract companies by virtue only of its good location and quality of life. Unemployment remained low through the 1980s. Indeed, by 1988 white collar companies started to report severe skill shortages. Some businessmen thought Bristol was suffering from congestion and soaring office rents, usually associated with London.

Today Bristol is as badly hit by the recession as other parts of the south-east. Unemployment is put at 8.6 per cent compared with the national average of 8.1 per cent and 7.9 per cent for the south-west.

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time that I can remember that unemployment has been higher than the average for the south-west region". This is partly because this

recession, unlike the one of the early 1980s, has hit service companies particularly hard, and the construction industry has been badly affected by the economic slowdown. "Two years ago", says Mr West, "I counted 28 cranes on building sites around the city site. Now one major construction proj-

Bristol's woes are also due to cuts in defence, the main manufacturing industry which held up well in the 1980s. Defence and aerospace are important industries for Bristol. British Aerospace and Rolls Royce both have a considerable presence, between them employing 15,000 people. If a broad spectrum of sub-contract companies and their employees are included then this sector employs 35,000 peo-

Rolls Royce makes the Pegasas engine for Harrier jump jets. It also makes the RB199 engine in conjunction with Italy and Germany, which powers the Tornado, and the

ple in Bristol.

with Germany Italy and Spain. Mr John Hutchison, a senior spokesman for Rolls Royce. says "there is no disguising the fact that times are very tough for all of us. The Tor-

Eurojet keeping us busy." Mr Hutchison expects that the numbers employed by Rolls Royce at Filton just outside Bristol will fall to around 6,500 from a current 7,000. "In are better", he adds. "We are not going to disappear. We intend to stay around in the

nado ceases manufacture next

year. We have hopes for the

British Aerospace employs around 8,000 people in various divisions. The civil division is the main employer with about 5,000 people and makes part of

There is also the dynamics division involved in guided missiles, a space division a research division and various other parts involved in mili-tary aircraft.

British Aerospace declines to forecast the manning level in five years. But there will be cuts is in the servicing of mili-tary of aircraft. Work will run out on servicing and modifying F111 fighters as the US air-

Europe. According to Mike West, the answer to declining jobs in defence sectors is to encourage new high technol ogy companies to come into "The people employed in the

force cuts its numbers in

defence sector are highl skilled, highly trained work ers. They are not going to fine the kind of jobs they wan with insurance companies." Mr Alec Ewens, the presi dent of the local chamber o commerce agrees with M West: "We have been very gla and Lloyds. But the jobs w

need in the 1990s are in th high technology field."
Bristol did have its suc cesses in attracting some high technology companies in th 1980s. Hewlett Packard and D

Pont Electronics both estal lished operations in Bristol. But the new arrivals in men ufacturing did not match th scale of white collar servic companies relocating to Brittol. "Bristol needs to slant it promotional activities muc

more towards high technolog companies", Mr West say: The city has land available With recession it is now bac at a competitive price. It ce tainly will have the labour.

Stewart Dalb

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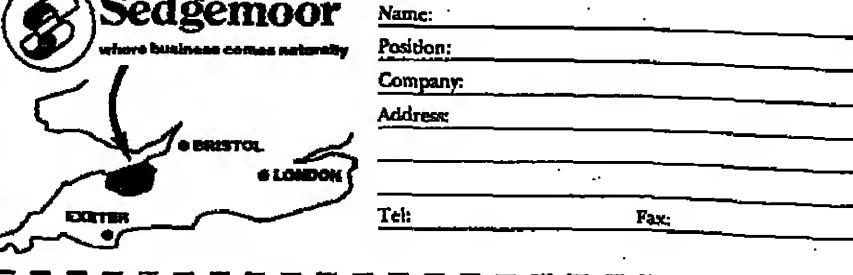
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January 1991 Ludlam Sysco Limited has been acquired by its management team from

Rotork plc

Ernst & Young Corporate Finance are pleased to have advised the management team in this transaction.

July 1991 Kemutec Group Limited has been sold to FLS Bulk Handling PLC a subsidiary of Anglo Nordic PLC

Ernst & Young Corporate Finance are pleased to have advised the shareholders of Kemutec Group Limited.

August 1991 Royal Portbury, Royal Edward and Avonmouth Docks have been sold to First Corporate Shipping Ltd

Ernst & Young Corporate Finance are pleased to have advised The City Council of Bristol in this transaction.

The City Council of Bristol

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BRISTOL 3

Hotels spring up but tourism still lags, writes Anthony Moreton

Untapped visitor appeal

TWO MONTHS ago the Swallow group reopened the Royal Hotel and added a jewel to the city's hotels. The Royal occupies an outstanding position, next to the cathedral, in a conservation area, opposite the Council House and looking up Park Street across College

The Royal had once been the centre of Bristol life. In the 1950s, its patrons included film stars such as Charles Laughton, Peter Sellers and one-time Bristol boy Cary Grant. Margot Fonteyn was another visitor. Before the second world war it had vied with the Grand as the centre of cafe society.

Five years ago, the glamour and the glitter had gone. The building long since closed was a wreck, with the windows boarded, the stucco peeling and the rain finding holes that no one knew existed.

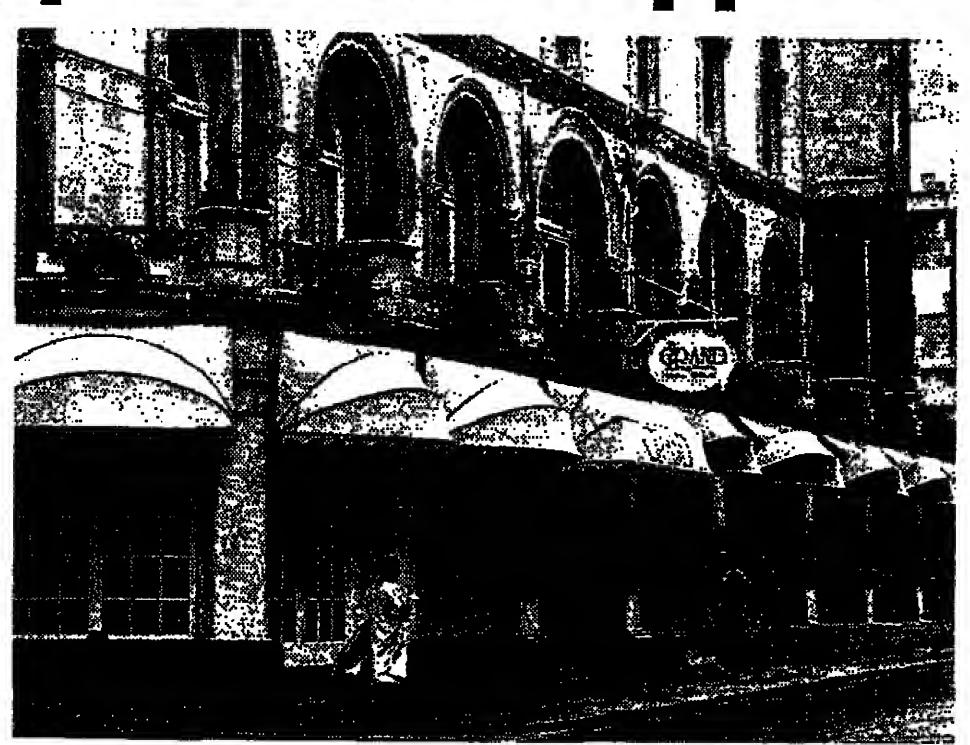
A decade earlier, developers sought to turn the building into offices but the council mindful of the situation and the city's need for more hotels. turned them down. Then, in 1987, Swallow entered the scene, submitted plans, brought in the Royal Fine Arts Commission and spent £40m on the 242-bedroom building.

It was unfortunate that Swallow should have completed its restoration and opened the hotel just as the trade was hit by its worst recession for years . "Like other cities Bristol has felt the effects of the recession badly," says Mr Robert Glashan, president of the Bristol Hotels Association. "Two or three years ago it was difficult, if not impossible, to get a room in a city-centre hotel in midweek. That is no longer true."

There are now too many bedrooms for the level of demand partly because more hotels have appeared on the scene. Mr Glashan is also general manager of the Bristol Moat

3::8

House, which opened last year. Others to open their doors since the peak years have been the Stakis Leisure Lodge and Shire Inns' Aztec Hotel. These two are on the Aztec West business park and technically edge-of-town rather than city centre but as their clientele is essentially the same businessman market they, and the Crest at Filton, are in direct competition with in-town



Grand Hotel, one of city centre's few medium-sized conference venues

hotels such as the Hilton. Grand, Unicorn, Holiday Inn

and Avon Gorge. The extent of the recession can be seen, Mr Glashan says, from the figures. "There are probably 1,500 bedrooms available in the city in the leading hotels and demand is running at about 900 to 1,000 in midweek." Even that is thought to be an optimistic figure by some outside observers. Prices are

The competitor is Bath with its Roman origins and Georgian facades

being heavily discounted, a sure sign of weak demand, and on weekends many hotels have few overnight visitors.

Neither the fall in demand nor the inability to create a weekend clientele is unique to Bristol Most British city hotels are having a hard time but Bristol's problem has been compounded by its inability to attract tourists and the lack of good conference facilities which might have helped fill the gap.

Despite its attractive posi-

tion Bristol is rarely seen as a tively small numbers. "It is a tourist centre. This is partly shame." Mr Glashan savs. "Bristol has so much to offer.

It could handle conferences

and the tourist trade so well.

The trouble is that people here

do not think big. So things go

by default. "It is not just con-

ferences, either. There is no

real exhibition centre, nowhere

we could put on a big event

There are a couple of old wine

stores behind the Watershed

building which have been

adapted to serve as exhibition

centres, but a city like Bristol

should have a proper centre

with all the modern facilities."

has taken a particularly severe

toll on Bristol Mr Glashan sees

an upside to the present posi-

tion. When the recession is

over, he believes, the demand

for hotel bedrooms from the

midweek business market will

rise to about 1,600 a night, the

level of three years ago when it

was difficult to find a room

and what everyone can see in

their ledgers now are more red

figures than black. The future

may be comforting; the present

But that is crystal gazing

from Monday to Thursday.

Even though the recession

because it is near Bath, whose Roman origins and Georgian facades have helped turn it into one of the great visitor centres in Britain. It is also due partly to the unwillingness of the council to see tourism as a meaningful occupation, an attitude which has led to the closure of the marketing

From a business angle the lack of conference facilities is more serious. Mr Glashan looks with envy to Plymouth, which in September opened the £28m Pavilions, a building that can hold 2,500 and compete with facilities offered at Harrogate, Bournemouth, Blackpool and Scarborough. In Bristol, there is nothing to

compete with the Pavilions: indeed, there is no modern, large building that can stage major conferences. Plans exist for one in Canons Marsh, but they have lain on the table for the past three years and have hardly progressed. Within the hotels the Holi-

day Inn can handle 500-strong conferences and the Grand 400. The rest are restricted to rela-

But Christopher Thomas, chairman, and Miles Collinge, chief executive, quickly realised that neither the time nor the money would be sufficient

Although the development from outside is poor. Mr Collinge considers the spine road

bone of the BDC's regeneration strategy," he said. "It will open up areas of dereliction and under-used land, and improve access." It will also relieve traffic congestion in the city cen-

The plan is for a 4-mile dual and out."

cated all development on the construction of the spine road. Asked whether some piecemeal development was possible without the road, Mr Butt replied: "not on the scale, or in the way, that the area needs." Without proper access, the area would not attract the large amounts of private investment that were possible or be developed as fully as it

could. He added: "I worked for Grade 1 listed Temple Meads

Urban projects rouse local passions, writes Stewart Dalby

A need for time and money

BRISTOL Development Corporation, like its counterparts in Cardiff and the Black Country, has discovered that regeneration of a rundown area can take longer than expected if the infrastructure has to be strengthened.

The BDC was set up by the government in 1989 to revive an area of 900 acres around Temple Meads, the city-centre railway station. It was to have had a life of five years and was allocated £15m.

But Christopher Thomas.

to regenerate the area on the scale they had in mind. They were convinced that a spine road would have to be built. The development area also

includes St Anne's and St Philip's, two old industrial areas that are partly derelict and run down. Few people live in these areas, but 14,000 people work

area is close to the city centre and criss-crossed by roads, railwavs and waterways, access "crucial".

"The spine road is the back-

carriageway, from the M32 (which is linked to the M4 and national motorway network) in the north to the A4 in the south. This would by-pass the centre. "Access really is the key," said Peter Butt, marketing director of the BDC. "We need to be able to get people in

The corporation has predi-



Japanese-style buildings at Bristol business park: access is the real key

some years in London's Docklands. We are all conscious here that Docklands did things the wrong way round. They put up the buildings, the offices and homes.

"Now they are having to spend a fortune improving the infrastructure so that people can reach them. We do not want to get in a similar posi-

Delay to the spine road has meant that there has been little movement on the Temple Meads development or on the two other projects, the Avon Weir, down-river from the development area, and a scheme to build 700 houses and create a village at St Anne's in the east of the area.

Temple Meads is the BDC's flagship project. The first phase, on 30 acres, will include 1.5m sq ft of floorspace, with Im so ft of offices, the remainder being public open space, shops, waterside restaurants. visitor attractions, cultural

Phase two will see development of a further 60 acres, and involve the selective redevelopment and refurbishment of a number of sites and premises around key retained buildings within the Kingsley village

facilities and a hotel.

This is expected to require £500m of private-sector investment and to create 8,500 jobs. The project will become the new gateway to Bristol. because it will include the

station, designed by Brunel, It will be adjacent to the floating market area in the city centre. The Avon Weir scheme is a plan to create a weir across the River Avon at Gaol Ferry Bridge, downstream from the urban development area, and will cover existing tidal mudflats with fresh water in parts

of the BDC's area. The Avon Valley project involves building 700 houses on waterfront land on the old St Anne's Board Mills site. Before this factory was pulled down it made cigarette packaging, and in the mid-1980s

employed 1,800 people. Two years into the projected five-year life of the corporation, a start has not been made on any of these projects or on the spine road.

The problem has not been entirely lack of funds. Mr Thomas quickly convinced the government that the original £15m was insufficient, and a new budget of £65m has been agreed, and the life of the corporation has been extended by

a year until 1995. The spine road itself is expected to cost £49m, but the corporation has only to find a part of this. The Ministry of Transport will make a contribution, and about £20m is expected to come from the pri-

vate sector. The attraction for the private sector is that the spine road could enhance land values. Hanson, for example, owns 40 acres within the BDC's area, but with poor access. The spine road would improve the value of the land, and the group, among others, might be interested in helping to finance

Delays have been caused by protracted public inquiries into both the spine road and the Temple Meads project. Although, theoretically, the BDC has planning permission for the area, if compulsory purchase orders (CPOs) are

be called into previously agreed planning consents. The Labour-controlled city council, which has resented the development body since its

involved a public inquiry can

inception, has initiated complaints against some CPOs being lodged. It believes that some of the relocations involved would drive what remains of blue-col-

lar industry out of an area close to the city centre. However, the public inquiries have been completed, and decisions are awaited from the

secretary of state for the environment. The BDC expects both projects to receive the green light

- Temple Meads by the end of the year, the spine road by February. It believes that when regeneration is complete, about £1bn will have been invested by the

private sector. This would mean a ratio of 12:1 private- to public-sector investment higher than any other development corporation has achieved.

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It is part of a rich and varied artistic life. Theatre happens to be the strongest element in that artistic life yet despite the fact that art, music and drama have contributed deeply to the ambience of the city Bristol is not nearly so well endowed with facilities as many other places around Britain

It has no orchestra to compete with Manchester's Halle, no gallery to match Liverpool's Walker or Glasgow's Burrell, no opera to equal that in Leeds. It imports the Welsh National Opera Company for seasons and if it wants toprank music it needs a concert hall. The city looks enviously at Birmingham's new concert hall and hopes that developments at Canons Marsh will eventually produce something to attract the best. It is a long-term hope.

The failure earlier this month by the Trinity College of Music to move to the city from London seems symbolic of Bristol's inability to break through. The failure could not be laid at Bristol's door: the School simply could not raise the money to move and it became just another lost oppor-

The Bournemouth Symphony Orchestra once wanted to move its home to Bristol, but nothing came of the suggestion. Bristol itself was unwilling to put up money to add to private sources. Critics claim the move really came to nothing because of a lack of

Perhaps the lack of a hall was a more serious drawback.

THE ARTS

Comedy of errors

The problem with the Thea-

tre Royal is that it needs

money spent on the fabric. The

auditorium can hold 680 (com-

pared with 2,0000 at the Hippo-

drome) but its sight-lines are

poor, critics say. Recent fund-

ing problems have been eased

following support from local

councils and the arrival of a

new director, Andy Hay, from

the Octagon in Bolton, holds

are just one of the issues being

looked at by consultants

reviewing the whole field of

the performing arts. Bristol

itself. South West Arts and The

Bristol Initiative have funded a

look at what exists and what

for the arts. No one is saying

much about the state of this

report but it is hoped it will

point the way forward and that

the council will take the posi-

tive steps needed to put the

after two years hard lobbying

by the Campaign for the Arts

in Bristol and Avon, whose

then chairman Patrick Malah-

ide said that an independent

investigation into the needs

and scope of the arts locally

was the only way to "put an

end to the long saga of igno-

rance, apathy and lack of

In the visual arts Bristol glo-

ries in the Arnolfini even if it

does not have a great civic museum. The Arnolfini, admi-

rably sited on the water's edge, occupies an 1830s tea ware-

house and has a high profile,

being part of a loose provincial

co-operation".

Consultants were called in

arts on a proper footing.

The problems of the theatre

out hope of a better future.

magnificent service as a venue but despite its excellent acoustics it can no longer provide the standards top-class artistes and companies demand. It is simply not a concert hall for the 1990s.

Nearly three years ago LDR International, the Cardiff-based international planning and architectural firm, produced a plan for Canons Marsh, the dockland site between the cathedral and the Floating Harbour, home of the SS Great Britain, which included a 2,500seat concert hall in the development as well as museums art galleries and theatres. The city itself, together with a number of companies such as British Gas and Lloyds Bank backed the project - which has still to move more than an inch forward though there are reports that the scheme is about to be kick-started back

The emphasis on drama and the spoken word which is still maintained at the BBC, whose Bristol operation is to become the British centre for documentary features and natural history, stems from the venerability of the Theatre Royal. The theatre has the oldest auditorium in Britain, having been established 200 years ago and its Bristoi Old Vic has an enviable and well-merited place in the history of UK theatre. The ghost of Sarah Siddons is said to haunt the building. Its position at the heart of local and national theatre life was consolidated in the 1970s with the setting up of the New Vic as a The Colston Hall has given home for touring companies.

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of galleries that includes leaders in Manchester, Oxford and Edinburgh. This weekend the gallery

begins a season called the Circular Dance, an exhibition demonstrating the strength of work among Asian women artists working in Britain today and including works by Sutapa Biswas, Nina Edge, Jagit Chuhan and Gurminder Sikand. This will be followed in the middle of January by the first one-woman show of work by

Annette Messager. Across the dock from Arnolfini is Watershed, a media centre with strength in film. Watershed was opened in 1982 claiming to be the first in Britain dedicated to the technological arts - cinema, photography, print, broadcasting and, more recently, video.

Like almost all the others Watershed is feeling the economic pinch. Its director, Dick Penny, hoped to have raised about £45,000 this year in sponsorship from industry. "We are little more than half-way towards our target," he ruefully admits.

It is perhaps facetious to end by pointing out that Bristol does have one unique feature. In Fooltime it has the only circus school in the country. A small contribution to artistic life, perhaps, but a valuable one, nonetheless.

Anthony Moreton

MANY UNIVERSITIES and polytechnics are being encouraged to manage themselves in a more businesslike way and to develop closer links with

Bristol University has had some success on both fronts. Its long association with the local business community is symbolised by the Wills Memorial Tower which rises from a hill above the city centre. It was built by H.O. Wills using money from his family's tobacco empire.

The university has taken the lead in the debate about funding higher education. Under the so-called Bristol option developed by the vice-chancellor, Sir John Kingman, the universities would have tighter control over how many students or "customers" they take in and more say in how they are funded. Individual universities would have more discretion over setting fees

Each university would be

allocated a number of state

scholarships. Additional stu-

dents would be supported in a number of ways including scholarships from industry. Until now the state scholarships have come from the Universities Funding Council In the Queen's speech last month the Bill to reform

higher education envisaged the replacement of the existing funding councils for the universities and the polytechnics

TRANSPORT

HIGHER EDUCATION

Colleges told: pay your way

by Higher Education Funding Councils for England and

Wales. The polytechnics would gain the right to call themselves

universities. Bristol university, for its part, would hope to increase the proportion of alternative forms of funding, particularly from industry. In some departments, there are 30 applicants for every undergraduate place, so there is scope to close fund ing gaps.
To do this it knows it must

be more conscious of what kind of students it turns out, and try to tune its research more closely to what industry

Bristol university is one of smallest universities that aspire to embrace most disciplines. It has six faculties and a school of education. These include law, medicine (including dentistry), veterinary science, engineering and applied sciences, pure science and the arts and the humanities. It does not have a business

school, although the polytechnic does. There is an MBA course, however, and there are links with French business schools.

Five departments are considered to be world class by the universities funding council. The university has 9,000 students including 1,500 post-gradnates and the hope is to raise the number to 11,000 in the foreseeable future. The University made a profit of £200,000 on a turnover of £100m last

"This may not sound much, but bigger universities than ours are showing substantial deficits", says Mr Don Carleton, the information officer.

came from the university funding council and was mainly for teaching, with some 28 per cent going to research. The rest came from student fees. Much of the research money was from the research arm of the funding council and was earmarked for pure research. But the university is also winning contracts for research

linked to specific projects. Mr Adrian Hill, the head of the university's industrial liaison office, keeps an eye on the unversity's intellectual property rights and exploitable research results and seeks to coordinate post-graduate activities related to industry and commerce.

He also tries to identify research possibilities within the EC for academics. Nowadays his efforts are tar-

geted less towards erstwhile benefactors such as the tobacco industry than to high technology concerns. "We would look to do business in many areas", says Mr Hill. "It could be the development of a high technology microscope for electron micro-samples or it could involve environmental toxicology in the Mediterranean. We have a Centre for

Mediterranean Studies here.'

On the question of tailor, students for industry, Mr C leton says, "we try and ma sure that our students, part team project, which is plug ble into specific areas of dev

larly our engineers and sci tists, at some stage work of opment". Professor Michael Rees Dean of the Bristol Busin School at the Bristol Polyte nic, also says courses sho reflect the needs of indus and commerce: "It is critical

an area like Bristol ti courses and curricula refl the needs of the local econor Companies will come to area partly on the basis what the educational insti tions can offer." With the recent largesc arrival of service companies Bristol, the business school introduced courses such a four year sandwich Bachelon Arts degree in busin studies. There are also degr in accountancy and final

international business studi About 2,000 of the 3,300 : courses are part time. Professor Rees says the bi ness school is foster increasingly close links w Lloyds Bank, National Wa minster and GKN. It has income of £6m, of wh £500,000 comes from priv

and a new degree course

The Business School highly regarded by the bi ness community. Its deg course in financial serviattracts about 50 applicants every place. It is part of the Polytech

where there are 11,000 stude:

and a budget of more th £30m. The Polytechnic as whole sees its role as link with the local economy. Together with the unive ties of Bristol and Bath Polytechnic is involved developing the Emerso Green science and resear park. The tentatively costed

£500m two years ago, is in last stages of gaining plann If it proceeds, it will fe part of Bristol's effort attract new high technoland science based industrie replace jobs lost in the defe

and other industries.

Stewart Dai

Dec 13 1991

Jan 23 1992

The talk is of trams

ON TUESDAY a Private Bill was introduced into parliament to sanction the first stage of a light-railway system through the centre of the city.

Light railways, a modern version of the tram, are in vogue and Bristol is following a route already taken in Britain by Manchester, Sheffield and other cities.

Bristol could indeed have not one but two futuristic inner-city transport systems. Plans have been announced for a guided light transit network a mode of transport not yet in operation anywhere else.

Cynics might, however, say they have been here before The light railway, brainchild of Advanced Transport for Avon (ATA), has already been through the parliamentary Bill system and, at one time, hoped to have the first trams running

before the end of 1992. Mr Brian Carter, managing director of ATA, is now so cantious about when the trams might appear that he will not even discuss a date.

Meanwhile, at City Line, a subsidiary of Badgerline which runs most of Bristol's buses. the top men are holding their breath about guided buses, a form of transport that promises to be the way city dwellers will move in the next century. The guided light transit (GLT) vehicle is a form of two- or three-set trolleybus, quite common on the continent.

The difference is that the GLT bus will be powered by overhead electricity cables and be guided by a single rail in the road or, where this is impracticable, will convert to a manually-driven diesel vehicle. The only problem with GLT is its lack of operational experience. The system is the brain-child of a Belgium company, BN (offshoot of a Canadian company) that has been tested for three summer seasons at the Belgian resort of Jemmelle, "GLT is a leap into the future", admits Mr Philip Snowden, group executive at Badgerline. "But we believe it is one that will play an important role in solving the environmental and traffic problems of our cities."

If Bristol gets the GLT it will not be the gulnea pig city. though. Lyons in France has placed a big order for the vehicles and expects to have them up and running soon. Mr Snowden is rather more circumspect about timing. He sees them on Bristol's roads one was on show in the city in the middle of September - by

1996. But that depends on

co-operation from the local

authority and some financial

assistance from the govern-

ment. The two systems are not

necessarily conflicting

able to back their money and the department of transport will give no assurances."

Sponsoring a Bill through parliament is a tortuous and expensive business, as ATA knows to its cost. It progressed a long way with an earlier Bill only to run up against opposi-tion from the Lords which rejected it after submissions by Bristol council. The council wanted a fresh look at the

agreed Mr Carter feels the original route remains the best choice but the city's view will not be known until next month. If Badgerline gets to the starting line first it will be an irony in that the bus company was one



What Manchester does today, Bristol may do later

approaches to traffic management, though they could dilute the ability of the city to raise the necessary finance.

approached by two bodies seeking to dip their fingers into the Section 56 aid available from the Department of Transport. However, those close to ATA claim that an almost bottomless pool of Middle Eastern money is about to become available, which would overcome all problems and allow it to push ahead. Mr Carter will not be drawn but unless some.

thing is found quickly the light railway system could perish. He admits that the unwillingness of the government to commit itself on funding is "a problem". The Treasury "wants private sector involvement," he says, "but the private sector cannot undertake such projects on its own. People we approach are asking what sort of grant will be avail-

Manchester, however, has already received assistance for its Metrolink tram system and is running the vehicle on trials through the city. The Sheffield Supertram is not quite so far advanced but confidently expects to be carrying passengers by 1993. ATA will be lucky to have got the go-ahead, via the Private Bill, by then.

routes chosen and the Lords

of the original backers of ATA and still retains a 10 per cent holding in the company. At one point it had two directors Government, for one, will on the ATA board but they not appreciate being resigned a year ago, restricting

the company's involvement to the capital holding. However, the GLT system would be "complementary" to the light railway, Mr Snowden says. "Our initial route is a different one, going where the light railway could not go. "Somehow, a new approach has to be found to traffic congestion and environmental issues." he says. "Guided light transit is that new approach because it takes the hus upmarket. Buses have something of an old-fashioned image and if we are to attract more people away from the car we need a

transport." A GLT vehicle would, in effect, be two, or three, singledecker trolleys joined together. A two-set vehicle could carry 175 passengers, a three-set perhaps 100 more. Its great potential is the ability to switch from the single-track guidance line to diesel-powered driver operations. This flexibility allows not just areas without the track to be served but obstructions in city-centre streets to be bypassed. If the vehicle running on electric power on the track comes up against an obstruction the driver would switch to diesel power and drive the bus around the obstacle.

modern, comfortable form of

In Bristol, Mr Snowden says, "an important advantage is that the route chosen does not involve any property demolition or acquisition of land. And because there are no separate rights of way, such as old railway lines. GLT makes use of the public roads for its entire length."

Anthony Moreton

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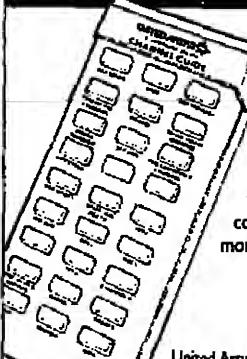
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BRISTOL 5

battleground. During most of

companies, such Clerical Medi-

cal Investment Group and

Lloyds Bank, moved their

beadquarters or parts of their

activities to the city, creating

Bristol saw some of its man-

ufacturing industries, such as

tobacco and paper-making.

decline but defence concerns

beld up well during the 1980s

and overall unemployment

remained low. Academics and

economists started calling it a

Four of the five Bristol mem-

bers of parliament are Conser-

vatives, two of whom have

slender majorities. Mr Chris

Patten, the chairman of the

Conservative Party, is MP for

Bristol, in short, 100 miles

along the M4 motorway link

with Heathrow Airport and

London, seemed to have

become attached to the pros-

perous Conservative heartland

changed, however, the city has

kept its strong local left-wing

tradition reflecting its former

blue collar character. The

council has been dominated by

Labour since the 1950s, except

For most of the 1980s the

council, which currently has 44

Labour party members, 18 Con-

servatives and five Liberal

Democrats, with one seat

vacant, has been regarded as

anti-business by the commer-

the Conservatives on the city

council claims that the council

has one of the worst records in

the country of non-cooperation

with the government. Left

wing councillors, he claims,

arrival at Bristol will allow us

to offer services to southern

ple a year go to London from

the Bristol area to catch a

flight to Milan alone. "If we

could capture that sort of mar-

ket it would mean a lot to us."

way extended to offer the pos-

sibility of intercontinental

flights and an increase in

freight above the 8,500 tons

"Essentially, though, we

He also wants to see the run-

He points out that 25,000 peo-

"have waged a war of attrition

Sir Robert Wall, the leader of

cial community.

Europe."

now handled.

better and stronger."

for two short hung councils.

While its economy

many new jobs.

"sunbelt city".

nearby Bath.

BRISTOL PARKWAY must be one of British Rail's most tatty stations. Yet this eyesore already heavily used as an important link, is going to be the first sight many more people have of an expanding part of the city.

The decision a fortnight ago by the Ministry of Defence to relocate part of its defence procurement activities to the Bristol Business Park means 5,500 people will be employed within sight of the station.

More will no doubt turn up for the Bristol Parkway business park, even closer to the station, that Sun Life has acquired and to which the insurance giant will switch people from London as well as from the centre of Bristol.

The station is hardly the best introduction to two sites that are are evidence of a renewal of activity within the property market. Apart from the two business parks, approval has just been given for a £100m out-of-town shopping centre on a 65-acre site at Cribbs Causeway, alongside the M5 motorway, and there are plans for a science park at Emerson's Green, also near the Parkway station. Sun Alliance. one of the four major insurance companies in the city, is planning a development of four office buildings at Aztec West

comprising 125,000sq ft. These are all out-of-town sites and there are some, like Mr Tim Stevenson, director of Chesterton, who are concerned at the effect they will have on the centre of the city. "Cribbs Causeway," he says, "is a creature of the 1980s when the spending boom fuelled an unprecedented growth in shopping centres. Today's economic climate must cast serious doubts on the viability of the scheme. "I cannot see even a

IN - THE late 1950s, when

Bristol was looking for a new

· site for its airport, the city

council was offered Filton for

£1. Filton was then, as now

being used by the precursor of

British Aerospace, its present

consultants wrong.

Luisgate was originally built for the Royal Air Force during

the second world war as a

place to train aircrew in the arts of night and bad-weather

rious hump in the runway it is

ometimes considered remark-

Mr Les Wilson, airport direc-

for since the early 1980s, con-

edes Lulsgate is not the most

idmirable location. "The air-

port is certainly not in the best place to serve the needs of the

ity or of the region even

niles from the centre of Bris-

ol," he says. "But to build

mother is simply not feasible

oday. Environmental pres-

ures would almost certainly

Which brings us back to the

top on almost any alternative

1 deal for Filton. Most busi-

- hat might be chosen."

: hough it is no more than nine

.- Hying. Together with its noto-

_able it has grown as it has.

Airways' scheduled flights.

MALLATED SURVEYS

PROPERTY

New sites for sore eyes

Prudential (which is involved in the scheme) embarking on this at a time when retailers are reluctant to take on new commitments.

The trend now, he says, is for large stores with retail warehousing and he believes a better approach for the site would have been the development of distribution warehousing, for which there is a shortage in Bristol.

The effects of out-of-town developments on inner-city shopping can be seen at the £150m Galleries redevelopment in Broadmead, originally a joint scheme between Ladbroke and Norwich Union now largely controlled by the latter Lettings have been slow and one agent has described the occupants, with some understatement, as "not brilliant". Mr Jason Schoffeld, retail specialist at J P Sturge, admits

that "the last three months have been tough. Compared with the boom time the retail sector is still in the doldrums." But he says that foodstores are holding up the market and gaps in the city's major shopping streets are being filled as more sensible rents are

In other words, prices have dropped, sometimes dramatically, and not just in the retail sector. In the office sector Mr Michael Finucane, also of Sturge, reports that land for top-level office developments has "plunged" from almost

film an acre in 1989 to sterling 375,000 now. Not surprisingly, there have been "relatively few large lettings".

Not that the picture is entirely black. National Westminster has joined forces with Clerical Medical, one of the big four insurance companies in the city, to set up National Westminster Life Assurance and has bought the first phase of Trinity Quay, in the heart of the city, in a deal estimated at £40m. The first phase, a 75,000sq ft building, is already up and it will build the second phase, adding almost 100,000sq ft. next to it.

Chesterton's Mr Stevenson "spectacular". Only one modern building, the Standard Life office at Redcliffe Quay, is now available and there is a danger that as Bristol comes out of the recession there will be a shortage of space leading to a sharp rise in prices.

The best office price achieved so far is the £18.75 a so ft by the Church Commissioners 18 months ago for Great George St, but it is believed 50,000sq ft is under negotiation at Cathedral Steps

for just over £20. Sturge's Mr Finucane agrees. Bristol will face a severe shortage of offices by the end of next year because of the current lack of development," he says. "The sale of Trinity Quay to NatWest provided a major boost but it also brought

greater pressure for new devel-Perhaps there is a greater danger. Western Provident known white collar service

Association, the medical insurance group, has fled altogether. It has relocated to Taunton. For the moment the out-oftown business parks are the magnet, with Bristol and West **Building Society and South** Western Electricity among those taking space away from the centre. There are fears that before long Western Provident's move will be replicated.

These fears are not echoed by Mr St John Hartnell, of Hartnell, Taylor, Cook. "Bristol has everything going for it," he proclaims. "Transport changes will help the inner city. Bristol Development Corporation has imaginative plants for its area and there are great things going on in the docks. Few other cities have as much going for them."

The docks is indeed an exciting possibility. Some 2,500 acres covering Avonmouth and Royal Portbury have now come released from the shackles imposed by its previous owners, Bristoi Corporation. "Serious inquiries have already been received from

importers and exporters. The area is ideally situated, being at the side of the M5 motorway and there are some 300 buildings on the site, many of which are capable of development." With careful management Bristol is in a position to take advantage of the upturn in the economy when it happens. The Ministry of Defence, National Westminster and others have shown they are confident of the city's future. The council also has to play its part; only it can ensure that confidence is

not misplaced.

Anthony Moreton

POLITICS BRISTOL IS an unlikely the 1980s a number of well

An unlikely battleground

against the Bristol Development Corporation".

But Mr Graham Robertson, the council leader, denies that he is left wing or that the council is hostile to develop-

"I bave been council leader for eight years and nobody could describe me as left wing. I am moderate", he says. " don't know how anyone can describe us as anti-business when you look at how many white collar companies have come into Bristol and how many jobs have been created. With Lloyds Bank down at Canons Marsh, we owned part of the site. We were helpful in insist they kept the riverside walkways but we were not obstructive about planning permission.

Mr Alec Ewens, the president of the Bristol Chamber of Commerce, who claims political neutrality, says that although the council and the business community had been at odds in recent years, there was now cooperation and partnership - "rather like Sheffield which also has a labour

council But Mr St John Hartnell. a leading estate agent, who is involved with the Bristol Development Corporation and the proposed light railway system, says that the council has consistently opposed office development in the city centre. "Some large projects have only gone through after appeals to the secretary for the environment." (The secretary of state has the power to "call in" or overrule planning decisions made by a local council.) Mr Hartnell concedes that

the city council and private sector developers are getting along better now. He regards the leasing of the council-owned port and docks

to a private concern as an imaginative step. But be says that the council has dragged its feet over helping to provide the city with a light railway A private Bill for the first stage of the light railway sys-

shall remain a strong regional airport. That is our function. What we must do is become tem has gone through parliament but no work has yet taken place.

Mr Hartnell also believes



leftwing nor anti-business*

that the council has not done enough to ease Bristol's traffic iams. "We must be alone of major cities in not having a park and ride scheme", he

Such views are not unexpected from Mr Hartnell, with his involvement in property and his strong support for the Conservative Party, and indeed from Sir Robert Wall. The council has been criticised for failing to benefit from

City Challenge, a new round of funds for inner city development schemes awarded by the Department of the Environment. It mounted a strong scheme involving the Church. the university, the local branch of the CBI and the Chamber of Commerce for a redevelopment at Hartcliffe and Withywood. a part of Bristol hit by recent job

The scheme for Hartcliffe and Withywood was not chosen. No official reason was given by the DoE, but according to Mr Robertson, the DoE was unhappy with the proposed mix of housing, which would have contained insufficient private accommodation. The difference between the

council and developers is highlighted in the clashes over the Bristol Development Corpora-

As in other cities, the council resented the loss of planning controls and the transfer of compulsory purchase powers to an unelected government quango not accountable

to local politicians. In Bristol, the council put up a stronger fight than in most other cities. When the BDC was first proposed in the mid-1980s, it petitioned parliament to prevent its creation.

in 1987, a select committee of the House of Lords recommended a UDC be established but changed the proposed boundaries.

Mr Robertson, the council leader, says: "It was clear that the government would try and impose a development corporation on us. We are the only Labour council of any size in this part of the country. It was totally a political decision."

He still feels that a development corporation was not necessary. Bristol was developing quickly in the 1980s without the pump priming needed for an urban development corpora-

"in the area of the development corporation, in Temple Meads, St Anne's and St Philips, we had already granted planning permissions for virtuthought to need redeveloping," Mr Robertson says.

The area is one of blue collar, small scale industries, where some 14,000 people either walk to work, bicycle or use public transport from nearby estates. Mr Robertson believes that the development corporation will somehow drive these industries out.

The development corporation denies that the aim is to drive manufacturing industry from the area. It concedes that dislocation would result from building a new spine road as well as offices, shops and leisure facilities around Temple

But it would mainly affect subsidiary "noxious" industries, such as scrap metal merchants and waste disposal companies. Basic manufacturing plants - the area contains

some small chemical concerns would remain. Mr Robertson, however insists that the spine road would so drive up land prices that building anything other than offices and expensive housing would be uneconomic. Small manufacturers would

not be able to afford the rents and rates. The council and the BDC continue to argue. The council has had to accept the development corporation, although unlike corporations such as the ones in Teesside and Sheffield the Bristol Development Corporation is boycotted by Labour

council members.

Stewart Dalby

BRISTOL AIRPORT

A runway too far

- owner, and a lot of test flying was taking place from the runnessmen agree with Dartington's managing director, Mr Looking a gift horse squarely Chris Dunkerley that Filton in the face the council should be developed as the demurred it called in consul-Bristol airport. Opinion is not --- tants who advised there was unanimous, though: his colno future in having a commerleague at the investment bank, Mr Roy Avery, says there is no cial service running in tandem with test flying. Developments way an extension to Filton. elsewhere - Toulouse, for which sits in the middle of a example - have proved the built-up area, would beyond the planners let alone the environmentalists and The council eventually found

local residents. - = its site at Luisgate Bottom. on the A 38 towards Bridgewater British Aerospace would on the other side of the city. It almost certainly develop Filton - but at a price. The price is out in the country: traffic : 23 along the road fringing the airwould be agreement that the port has to stop when aircraft are approaching. Lulsgate is a airport should handle intercontinental flights. It is a reasonv_r · :pleasant airport but needs able price, given its proximity to London's Heathrow and Gatmoney spent on it if it is to wick airports, but not likely to " meet the expanding services. ---- particularly those of Brymon be by the local planners.

Does Bristol therefore have to stay with Lulsgate? There is another alternative and Mr Wilson sees its advantages. Gwent County Council has proposed an international airport Welsh, side of the Bristol Channel. Within Bristol this proposal has its supporters since it would be near to the point where the second Severn crossing, about to be built,

Mr Wilson is sceptical, though. In theory, a Severnside airport is a good idea. It would tap a very large catchment area in Bristol, the South West and South Wales. But it is not a runner. "The financial investment needed would run into billions

and I doubt if that sort of money is available. I also doubt if such an airport would get over the environmental

hurdle. A good idea but an old For the present, therefore, Lulsgate will remain Bristol airport. But essential improvements are likely. A 10-year development plan, costing £8-9m, points the way forward.

the minimum of 2,200 needed to handle the big intercontinental jets. To get a longer runway the road would have to be diverted through a tunnel. That, though, is not the first of Mr Wilson's priorities. "Much more important is serving the medium-haul business and

The runway could be extended

from its present 2,011 meters to

increasing the short-haul.' It is being helped in this aim by the decision of Brymon to make Bristol its hub airport. Mr Malcolm Naylor, the airline's managing director, says the company is putting a big investment into its Bristol Boeing Dash-8 aircraft there and next Spring we shall have another 50-seater. Our services will be expanded, boosting the 8.500 passengers we carry every month on scheduled flights. Bristol has a big catchment area and we aim to cap-

ture a good part of it."
It is the charter side, though, which is Bristol's strength, as it is in most regional airports. As recently as 1980 Bristol handled only 200,000 passengers a year and lost £130,000. By 1990 that number had risen to 913,000 and the loss had been turned into a profit of £713,000.

Since then there has been something of a downturn with the onset of recession, which has hit Bristol particularly hard. Last year the number of passengers had dropped back to 843,000 although pre-tax profit doubled to £1.57m and Mr Wilson expects the figure

this year to fall further. Within the total, though, there has been a significant switch of emphasis. Twelve months ago 80 per cent of Bristol's trade was in the charter business: today, that figure has been cut to 67 per cent as scheduled business has grown. Bristol has for some years had continental links and these have been expanded with Aer Lingus serving Düsseldorf, Brussels and Dublin, Sabena serving Brussels, Air France Paris and KLM Amsterdam. Brymon has provided the big leap forward with flights not just to Paris but also an extended link of network services with Britain.

Brymon now offers services to Aberdeen, Edinburgh, Glasgow, Jersey, Newcastle and Plymouth, its headquarters, as well as Paris. The result has been a 17 per cent increase in the number of passengers on scheduled flights in the past 12 months, with a 94 per cent jump in the number travelling to, or from, other UK cities.
The further development of

scheduled flights is very much at the heart of Mr Wilson's strategy for Lulsgate. "The next generation of aircraft is the regional jet," he says, "the plane with 50 to 70 seats. Their

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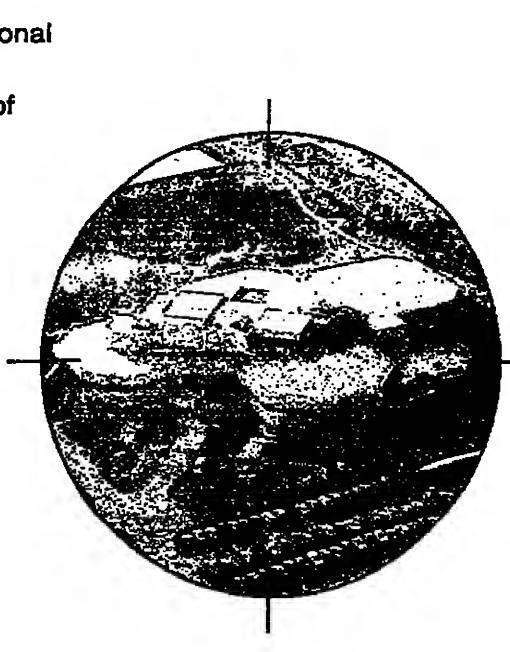
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Taking a Positive Lead



Opec agrees to continue flat-out oil production

By Mark Nicholson in Vienna

THE ORGANISATION of Petroleum Exporting countries agreed yesterday to allow its 11 fully-producing members to continue lifting oil at near capacity for the first quarter of next year and to defer any decision on output levels for the second quarter to a Ministerial Monitoring Committee meeting in February.

At a brief second plenary session yesterday to close the two-day ministerial summit in Vienna, Opec ministers also said they reaffirmed commitment to the July 1990 agreement, the last time a quota system was applied within Opec before the Iraqi invasion of Kuwait. The agreement also set a desired minimum reference price for the basket of Opec crudes at \$21 a barrel.

However, Mr Subroto, the Opec secretary general. stressed after the meeting that ministers had reaffirmed the "principles" of the 1990 agreement, which he elaborated as optimising Opec revenues in relation to the market, that countries be allowed to produce to cover those not able to fulfil their quotas and that quotas be based on production

Yesterday's communique did

not signal a resumption of a quota system, however, since producers are essentially being allowed to continue with output nearing capacity. The com-munique did not contain a specific ceiling for production in the first quarter, saying instead that the "September decision" had been reaffirmed. Although this decision trans-

lated at the time into an effective ceiling of 23.65 barrels a day, Opec output has risen to 23.8m b/d in recent weeks and will increase further as more Kuwaiti oil reaches the market. The agreement to roll over the September decision rather than set a ceiling figure will allow Kuwait to raise output without this implying cuts for other producers.

The ministers deferred until a meeting on February 12 in Geneva any decision on output for the second quarter, by which time some producers expect weakened spring demand and rising Kuwaiti. and possibly Iraqi, output to create a price-threatening oil

Mr Subroto said there were too many unpredictable variables, including levels of Soviet output, Kuwaiti and Iraqi production and the degree of an

economic upturn in the US, for ministers to do more than stay in consultation before February 12 and make then what is likely to be a far more contentious and hard-won agreement on output for the second quar-

Some producers, notably Saudi Arabia, which is now pumping near 8.5m b/d, are optimistic that the call on Opec oil will remain strong even in the second quarter, particularly if the Soviet Union's oil industry sinks further into disarray and Iraq remains side-

Saudi Arabia believes that though demand will weaken, the call on Opec, including restocking, could be about 23.5m b/d. The Saudis are also determined neither to resume their former role as Opec's swing producer nor, with a multibillion dollar plan to increase sustainable output capacity to 10m b/d by 1994, to return to their last official Opec quota of 5.4m b/d. The idea of Saudi Arabia being a swing producer is dead." said one Gulf oil offi-

The ministers also decided yesterday to hold the next biannual ministerial summit on May 20 in Vienna.

named Alumysa. Working out a financial

Jamaican

rises by 4.8% By Canute James in

bauxite output

JAMAICA'S bauxite ore production in the third quarter (July-September) of 1991 was 2.92m tonnes, 4.8 per cent more than the corresponding period of 1990, while alumina production increased 3.2 per cent to **741,337 tonnes**.

The Jamaica Bauxite Institute said this brought bauxite production in the first three quarters of 1991 to 8.53m tonnes, 3.7 per cent more than the first nine months of last year. Alumina production between January and September this year reached 2.23m tonnes, 5.6 per cent more than the corresponding period of

An institute official said that the increase in mining and refining was the result of higher output by two of the island's refiners. Alumina Partners, owned by Kaiser Aluminum of the US and Hydro Aluminum of Norway. increased output by 12.2 per cent over the first three quarters of the year, while Jamalco. jointly owned by the Jamaican government and the Aluminum Company of America. had increased output by 6.4 per

Jamaica's bauxite production last year was 10.92m tonnes, 13.1 per cent more than 1989, while alumina production increased by 34.5 per cent last year to reach 2.88m tonnes.

Leslie Crawford reports on a \$1.5bn plan for a 230,000-tonnes-a-year aluminium plant Comalco Smelting, owned by another bridge that has yet to be crossed. Mr Leighton conceded that these were not the most auspicious times to be

depression caused by the present world gipt of aluminium. Noranda Alaminium. a subsidiary of the Canadian mining and forestry group, has announced plans to build a \$1.5bn aluminium smelter and hydroelectric plant in the far south of Chile.

Chile has no bauxite, the ore from which aluminium is made, but the fjords, rivers and lakes of the isolated Aysen region have a vast potential for providing cheap electricity the biggest single cost in producing aluminium - through hydroelectric generation.

At a press conference last Friday, Mr Jock Leighton, Noranda's project consultant, said that a feasibility study by Kaiser Engineers had been completed and that the 230,000 tonnes a vear smelter could be ready in five to six years' time. While the Canadians have teamed up with a small Chilean company. Proyectos de Aysen, which owns crucial water rights in the region. Mr Leighton said Noranda was still "selecting" more potential partners for the venture.

launching a new aluminium project, what with excess world capacity, a recession in the western world and increased sales from the former Soviet Union.

Moreover. Alumysa faces competition from projects in Venezuela, which possesses large reserves of bauxite as well as cheap electricity and lies considerably closer to the US. Alusaf, the South African aluminium producer, has a R4.5bn (£820m) expansion programme that includes the biggest single smelter ever

Announcing the Alumysa project at this early stage also appears to be aimed at elbowing out two rival projects Chile, Endesa, Chile's biggest electricity company, said last week, however, that it would not shelve its own plans just because of the Noranda announcement Endesa also owns water rights in the Aysen region and aims to conduct a feasibility study for an aluminium project there next year.

Australia's Comalco Aluminium, is studying a more modest project by the Magellan Straits. The wealth of projects in a tight market has sparked off a race to win the favours of potential investors. Mr Leighton hopes the financial backing for Alumysa, without which the project cannot proceed, will be secured by mid-1992. Nor-

Chilean smelter project defies depression

The Aysen region has a vast potential for providing cheap electricity — the biggest single cost in producing aluminium

anda is most likely to used the tried-and-tested formula of tying future production in exchange for up-front cash from potential customers, RTZ and BHP of Australia pioneered this fund-raising strategy in Chile to develop La Escondida, the richest copper deposit in the world. Noranda is talking to Japanese financiers as Japan is the

most promising market for

The \$1.5bn project, which includes a 380 Mw hydroelectric dam and a port facility close to Puerto Aysen, will be the biggest foreign investment ever undertaken in Chile, surpassing the \$900m spent on La Escondida, the second-biggest open-pit copper mine in the

world after Chuquicamata, also

bauxite would be shipped from

Australia.

President Patricio Aylwin. and Mr Juan Hamilton, the mining minister, have given their most enthusiastic blessing to the project, as they are keen to maintain the foreign country. This had begun to slacken following the completion of mega-projects such as La Escondida and three big cellulose plants.

significance for Chileans, because it is the first time that they will be processing an imported raw material and exporting a finished product. Chile's economy is still largely based on the export of primary products - copper, fresh fruit and fishmeal. The project, however, has

Alumysa's production. The caused alarm among the salmon farmers of Aysen, who fear that an aluminium plant on their doorstep will pollutethe pure, cold waters in which of the few places in the world where it is commercially profitable to cultivate Coho salmon, the species preferred by the Japanese. Aysen's salmon farming co-operative. COSA, produces 4,500 tonnes of Cobo a year, about one-fifth of Chile's \$140m salmon exports.

Noranda and Proyectos de Aysen say they will observe? the strictest environmental guidelines in building the new-smelter. However, research on salmon near an aluminium plant on the Columbia River in Canada showed that fluoride, the main contaminant in-the aluminium refining process interferes with the growth and treatment in a smoke plant is seldom more than 98 per cent effective. Unloading bauxite, metallurgical coal and other inputs for the smelter will! inevitably lead to spillages. Finally, settling 1,500 families in the vicinity of the plant will not be without its environmen-

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· · · · · · ·

Wool output forecast to fall

over on July 1 1990.

By David Blackwell

THE WORLD wool clip next year will fall by 7 per cent to about the level seen in 1987-88. according to the latest Wool Quarterly. It is forecasting a clip of 1.8m tonnes for 1991-92 compared with this year's estimated 1.95m tonnes, which was itself the first decline after seven years of strong growth. But the collapse in demand for wool this year while production was running at near record levels has left carryover

stocks at an estimated 709.000

"At current consumption levels that represents more than a year's requirements by the main importing countries and constitutes a burdensome surplus," says Wool Quarterly, which is published by the Commonwealth Secretariat and produced by the International Wool Study Group and the International Wool Textile Organisation.

More than three-quarters of the stocks are held in Australia, with a further 10 per cent

tries have abandoned minimum price support systems and will not build further stocks. Falling prices in the free market will lead to higher consumption, the report says, but demand will have to rise significantly to bring the market back to equilibrium.

"Latest data indicate that it would take a continuous 5 per cent growth in consumption over a five-year period to absorb contracting new clip supplies and to reduce stocks to a more normal level of around 300,000 tonnes clean."

tonnes clean, an increase of 36 per cent on the stocks carried in New Zealand. These coun-

AFRICAN COFFEE producers have agreed new proposals on returning to export quotas at a yan IACO chairman. three-day Inter-Africa Coffee Organisation meeting, reports Reuter from Arusha, Tanza-

Delegates said they were optimistic about the International Coffee Organisation talks in London on Dec 4-6. which will coincide with the first meeting of a working group set up to look into proposals for a new coffee agree-

"Our proposals aim at a modernised, flexible quota system which takes into account problems which led to the col-

African producers agree coffee stance lapse of the agreement," said Mr Elijah Mwangale, the Ken-He said on the last day of the talks that the IACO's fourpoint plan to speed up a return to quotas involved:

 Eliminating a two-tier system which existed prior to the collapse of the ICO pact. A flexible and dynamic way of allocating quotas. Adjusting quotas according to supply and demand. All producers working on a credible stock holding policy. "We reaffirmed the position

that the quota system was

superior to other coffee market

regulating schemes and that

consumer countries.

problems encountered previously have been duly corrected by the proposals," Mr Mwangale told a news conference. The reintroduction of quotas would enable producers worldwide to achieve annual revenues of up to \$10bn, compared with the present \$6.5bn, he said, adding that he was confident of the backing of major producers such as Brazil and of

The International Coffee Agreement was suspended in 1989 after producers failed to agree on export quota shares. Producers then flooded the market with coffee, pushing prices sharply lower.

NZ dairy industry 'in good heart'

Gloom is lifting after the worst season in decades, writes Terry Hall

HE NEW Zealand Dairy Board is hopeful that a reasonable lift in prices after the worst season for dairy farmers for decades will avert widespread defections from the

This would be a major worry for New Zealand as the board. the co-operative organisation which handles all dairy exports, is one of the country's major export earners, with sales of more than NZ\$3bn (£950m). This year it is expected to export 800,000 tonnes of

Last season most of the country's dairy farmers operated at a loss and Mr Dryden Spring, the board's chairman, warns that the industry could not survive for long if farmers returns continue to fall short of maintenance levels. In the season to June 30 the board was able to pay farmers just NZ\$3.55 a kilogram for milkfat and it had to draw NZ\$50m from reserves to lift the average payout of NZ\$3.70 a kilogram. That compared with NZ\$6.30 for 1989-90 and NZ\$5.70

The 15 companies that supply the board with export products were able to top up the navout last season by an average 55 cents to NZ\$4.25 a kilogram. These payouts vary widely, however, according to the efficiency, debt levels and capital spending programmes

of the individual companies.

WORLD COMMODITIES PRICES

in prices so far this season will permit the board to lift its average payout to farmers to between NZ\$3.90 and NZ\$4 a kilogram and if favourable trends continue they could be paid as much as NZ\$4.30. A key factor encouraging hopes for more stable prices is the prospect of eastern Europe becoming a net importer, following the political upheavals that disrupted the dairy market so badly last year, says Mr

In East Germany, for example, the communist regime had paid 60 per cent more than a West German dairy farmer received, yet consumer subsidies meant that customers paid 60 per cent less for dairy goods in the shops. The consumer subsidies were removed first and that led to huge rises in the cost of dairy goods, forcing domestic consumption to fall. Then the central buying agencies collapsed and hundreds of small companies began exporting at very low prices. Other encouraging factors include the 2 per cent cut in

EC milk production quotas and the relative strength of the US dollar, in which the bulk of the world's dairy trade is con-Mr Spring warns, however,

that the international dairy market is still extremely fragile. Worries remain about the

continued overproduction of

subsidise production heavily -New Zealand's farmers are alone in receiving no government incentives at all. World production of milk is running 6m tonnes ahead of annual demand and if the EC or the US attempt to unload the 750,000 tonnes of butter and 600,000 tonnes of skim milk powder they have in store there will be further massive disruptions.

Overall, however, Mr Spring thinks the New Zealand industry is in good heart. It has sold all last season's production. and recent falls in domestic interest rates are easing the burden on indebted farmers. A 1 per cent drop saves the dairy sector \$NZ30m a year in interest payments, and so far this year rates have fallen by up to

ver the past decade New Zealand has increased dairy export receipts by more than NZ\$600m a year, in spite of the present depressed prices, and increased the volume of products sold in value-added terms - premium bulk products, specialised customer or food ingredient products or consumer packs — to

250,000 tonnes a year. New Zealand's branded consumer dairy products are now selling in 60 counties, assisted by board marketing operations

in 21 of these. Wholemilk pow-

Mr Spring says the slight lift dairy goods by countries that der and infant formula production had risen from 85,000. tonnes in 1981 to 250,000 tonnes:

> The board will continue to keep a high profile in Britain, Mr Spring says. Anchor New Zealand cheese is now the leading brand in the UK, earning a premium of 20 per cent over the UK commodity cheese price. And the board chairman expects to catch competitors: napping with the imminentlaunch of an extremely spreadable butter on the UK market This is a premium high-technology product which has been developed in New Zealand, and because of its high cost will only be sold in the UK at this stage. "Sure we have an edge there," says Mr Spring. "But it won't be for very long; ourcompetitors will be close

These developments are helping compensate the board for the dron in its UK quota from 180,000 tonnes to 55,000 tonnes over the past decade. Success in alternative export markets is also making a significant contribution. Today the board is the biggest supplier of branded milk powder in Sri Lanka and Malaysia and number two in Taiwan And fire is the top supplier of butter and second largest supplier of cheese in most of South East Asia. Good progress is also reported in the Middle Eastern and South American markets:

MARKET REPORT

Gold moved higher on the London bullion market, boosted by short covering ahead of today's Thanksgiving Holiday in the US. Sentiment was also lifted by comments on the US Cable News Network from the Russian foreign minister that conditions probably existed for a coup in the Soviet Union. His remarks followed renewed warnings by Soviet foreign minister Eduard Shevardnadze in the morning of the possibility of a coup. Comex gold futures were higher at midday. "(The precious metals) are so skittish that anything anyone says right now is going to move them," said one analyst. London robusta coffee prices rose

London Markets

trude oil (per berrel FOS)		+ or
Judail	\$16.60-6.90g	075
irent Blend (dated)	\$19.55-9.70	
Frent Blend (Jan)	\$19.80-9.90	06
Y.T.L (1 pm est)	\$21,15-1,25q	10
il products WE prompt delivery per to	onne CIF)	+ or
remium Gasoline	\$224-226	-5
les Off	\$194-195	
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aphthe	\$201-204	-2.5
troleum Argus Estimates		
ther		+ 01
old (per troy oz)	\$368.45	+ 1.65
liver (per troy oz)	411.0c	+4.5
latinum (per troy oz)	5368.9	+0.8
Hegium (per troy oz)	\$81.55	
opper (US Producer)	109.05e	+0.64
and (US Producer)	37.37c	
n (Kuste Lumpur merket)	14.67r	
n (New York)	253.5c	-1.0
nc (US Prime Western)	62.0c	
ttie (live weight)!	104.09p	+0.27
neep (deed weight)†	130.05p	-11,1*
gs (live weight)	88.94p	-6.53
indos daily suger (raw)	\$227.5x	-1.C
ondon daily sugar (white)		-25
ete and Lyte export price	1236.5	+ 1.0
urley (English feed)	£126.0u	+0.5
talze (US No. 3 yellow)	£146.0	+0.5
heat (US Dark Northern)	2101.0	
ubber (Jen) ♥	61.0 p	+0.50
lubber (Feb) 🖤	51.250	+0.50
ubber (KL RSS No 1 Dec)		-0.5
Stendoulité (Philippines)		+10
Sim Off (Mejechajen))	\$357.5	
opre (Philippines)S	\$390.02	+7.5
oyabease (US)	£150.0	+1.5
otton "A" Index	61.80c	-
foottope (64s Super)	3960	

Mar x-Nov/Dec y-Jen/Feb z-Dec. 1Meal Commission average fatatock prices. " change from a week ago. Viondon physical market. SCE Rotterdam. & Bullion market close. m-Malaysian

cents/kg.

steeply on sustained trade buying. There was no fundamental news behind the rally other than continued concern over near-term supplies, dealers said. The premium for January over March widened to £29 a tonne. Nearby tightness in the LME copper market also widened the premium for cash metal over three-month to £47.50 a tonne from Tuesday's £32.50. With a large December options position still open and due for declaration next week. dealers are rejuctant to go short. The market closed firmer as sterling eased against the dollar. although dollar cooper prices were

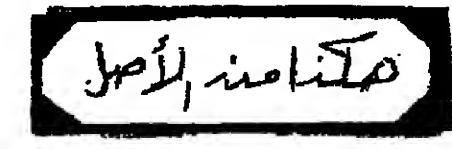
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Rew	Close	Previous	High/Low
Dec	187.00	187.00	187.00
Mar	192.20	195.00	194.80 192.20
Mary	193.20	195.80 199.00	193,40 183,00
Aug Oct	195.00	125.00	195.00
Dec	193.00	196.00	192.00
White	Close	Previous	High/Low
Mar	277.5	280.2	279.0 277.1
May	278.6	280.7	279.8 278.3
Aug Oct	262.5 262.0	284.2 262.2	253.5 281.8 253.1 260.5
May	261.5	251.2	281.8
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105.1 106.0 105.5 105.0 109.0 109.0 110.0 109.0 110.0 110.0 109.0	Provided to the state of the st	F 55 (50) OF - Long Close 1602 1630 1660 1660 1560 1560 1560 1560 1560 1560 Close 124.90 128.15 131.10 132.70 Close 119.45 122.60 F Wheat of Longier	Ichs of 20 states FOX Previous 1800 1670 1668 1600 124.65 128.00 130.85 132.45 Previous 122.50 609 (447), 100 Tonnes FOX (Cartes)	\$107ms \$107ms Hightlow 1905 1900 1630 1611 1660 1651 1669 1665 1599 Hightlow 125 40 124 122 70 128 131.65 131 132.90 132 Hightlow 119.50 119 122.75 Sertey 116	90 20 .05 .80
109 0 110 0 109.5 109.0 109.0 110 0 110.0 109 0 nover: 77 (33) lots of 3,250 kg 1881 - Lendon FOX Glose Prev. High Low Vol	RAPE RAPE RAPE RAPE RAPE RAPE RAPE RAPE	F 55 (5C) OT - Lea Close 1602 1630 1660 1660 1560 1560 1560 1560 1560 156	Ichs of 20 states FOX Previous 1600 1670 1668 1600 170.85 132.45 Previous 122.50 609 (447), 100 Tonnes FOX (California)	\$107ms \$107ms HighTlow 1905 1900 1606 1600 1600 1661 1660 1665 1509 HighTlow 125 40 124 122 70 128 131 65 131 132 90 132 HighTlow 117 50 119 122 75 Seriey 116 (5/lizanne 90 22) .05 .80 .53
109.0 110 C 110.0 109 C nover: 77 (33) lots of 3,250 kg IRR - London FOX Glose Prev. High Low Vol	RESIGNATION OF THE PROPERTY OF	F 55 (5C) OT - Low Close 1502 1500 1500 1500 1500 1500 124 (78 2- Look Close 124 50 128.15 131.10 132.70 Close 112.45 122.60 F Wheat F lots of Looken Close 105.5	Icas of 20 states of 20 states POX 1600 1600 1600 1600 1600 1600 1600 160	\$100mes. \$100mes. Hightlow 1905 1900 1830 1611 1860 1851 1869 1665 1599 Hightlow 125 40 124 128 70 128 132 90 132 Hightlow 119 50 119 122 75 Bartey 118 (270me 20 20 .05 .80 .259).
nover: 77 (33) lots of 3,250 kg IRS - London FOX Glose Prev. High Low Vol	Priories of the state of the st	## 55 (50) ### - Low Close 1602 1630 1660 1560 1560 1560 1509 ## 224 (76 ## 224 (76 ## 124.90 128.15 131.10 132.70 Close 112.45 122.60 ## Whest ## lots of Loaden Close 105.5 105.1	Icas of 20 states of 20 states POX 100 Tonnes 105.0 106.0	\$100mmes. \$100mmes. Hightlow 1606 1600 1630 1611 1660 1661 1660 1665 1569 1665 1589 Hightlow 125.40 124 122.75 132.90 132 Hightlow 122.75 Seriey 116 (5/12mme 90 220 .05 .80 .50 .259).
Glose Prev. High Low Vol	MANUAL TO STATE OF THE STATE OF	Close 1602 1602 1600 1600 1600 1600 1600 1600	Icas of 20 states of 20 states POX 1600 1600 1600 1600 1600 1600 1600 160	\$10,755 1005 1900 1605 1900 1600 1611 1660 1651 1669 1665 1509 125,70 128 125,70 128 123,75 131 132,90 132 117,60 119 122,75 131,65 131 132,90 132 117,60 119 122,75 131,65 105,0 105,5 105,0 109,5 109,0	5/Izanne 90 22 05 80 259).
	RANGE TO STATE OF THE STATE OF	Close 1602 1602 1600 1600 1600 1600 1600 1600	Icas of 20 states of 24.65 state	\$10.7ms \$10.7ms \$10.7ms 1905 1900 1630 1611 1660 1651 1669 1665 1599 HLghtLow 125.70 128 132.90 132 HtghtLow 179.50 119 122.75 Sartey 118 123.75 125.5 125.0 129.5 129.0 120.5 129.0	5/Izanne 90 22 05 80 259).
	MARK TOWN	Close 1602 1630 1630 1660 1660 1599 8 - Lend Close 124.90 128.15 131.10 132.70 Close 112.45 122.60 F Wheat Ir lots of Close 105.5 109.0 109.0	Icas of 20 states of 24.65 states of 20 st	\$10.7ms \$10.7ms \$10.7ms 1905 1900 1630 1611 1660 1651 1669 1665 1599 HLghtLow 125.70 128 132.90 132 HtghtLow 179.50 119 122.75 Sartey 118 123.75 125.5 125.0 129.5 129.0 120.5 129.0	5/Izanne 90 22 05 80 259).
	MARKET TO THE PROPERTY OF THE	Close 1602 1630 1630 1660 1660 1599 8 - Lend Close 124.90 128.15 131.10 132.70 Close 112.45 122.60 F Wheat Ir lots of Close 105.5 105.1 109.0 177 (33)	Icas of 20 states of 24.65 st	\$100 1900 1500 1500 1500 1500 1500 1501 1500 1501 1500 1	5/Itonne 90 22 05 80 50 259).

	Çiose	Previ	025	High/Low		M Official	Kerb c	lose Op	en Interesi
Alambakan,	99.7% purity	(\$ per	(orzne)				Total da	ly turnover	21,555 le
	1108-9	1111		1.2.2.3		110-0.5	100		
	1135-6	1138-	0	1140/1135	1	197-7-5	1134-5		,329 lots
Copper, Gre							Total dal	ly turnover	30,857 loi
	13 65-8 1319 -2 0	1333- 1301-		1320/1365		956-7 320-1	1317-8	112	_180 lots
		1301-	•	1989 1990		320-1			
Lead (C per Cesh	287.6-8	287-7	-	Arr debad	~ ~	6-6-25	ian a	dly turnove	7 2, WU 101
	401-13-0 298-9	297.5		257 5/266. 299/297		97.25-7.50	297.5-6.	5 141	164 lots
Nickel (S per	tonne)						Total de	By turpove	
	7195-205	7155-0	85	7115	7	115-20			
	7220-3	7220-		7223/7175		190-6	7220-5	15,1	80 fots
The (5 per to	(פחל						Total de	By turnove	r 1,000 fot
	5470-80	5500-		147.54		75-86	Acres 6		
	5525-30	\$550-		\$540/3520	54	30-5	5510-20		O lots
Ziac, Specia							Total de	lly turnove	r 8,641 lot
	175-7 172-3	117 8- 4 1177-4		1176 1176/1165		75.5-6 173-3.6	1171-2	-	O7 lots
Life Closing				11761100		79-0-0	III PE		MI MAGE
POT: 1.787		3 monf	he: 1 <i>.74</i>	428	6 n	conthe: 1.7	213	9 mai	othe: 1,600
LONDON B	ULLION MA	RKET			Ne	WY	ork		
Prices supp	fied by N.M.	Rothec	11년)						
Bold (fine or) S price	3	equive	elent.	GOLL	100 troy	IL; Stroy)Z.	
Close	368.20-368	70				Close	Previous	High/Low	
Opening	365.40-365	.2G			Dec	367.9	386.3	368.6	366.8
Morning fl.c Atternoon flu	366.50		96.770 97.48G		Jen	389.6	357.9	0 372.0	0 369.8
Day's high	368.30/368	.70			Feb Apr	371.2 373.7	369.3 371.8	374.5	372.2
lay's low	365.40/365				Jun	378.2	374.2	377.0	374.9
.oco Ldn Mi	een Gold Le	nding N		/s USS)	Aug	378.6	378.8	0	0
त्राधका	4.50	6 mon		4.50	Oct Dec	351.3 354.6	379.3 362.0	0 384.6	0 384.0
months	4.59	12 mo		4.19	Feb	386.8	364.8	0	0
nonths	4.30				PLAT	NUNK 50 to	oy oz. Pist	77 GEL	
iliver tx	příme az	Ų	\$ cts (IQUIY		Close	Previous		
Spot	231.10		09 75			571.9	367.0	5723	365.6
months	237.15		14.65		Apr	374.6	369.6	374.5	372.0
i months 12 months	243.30 255.40		19.70 29.80		Jul	376.9	372.1	0	0
of Industria	COC. TO	-	25.50		Oct	382.0	378.1	0	O
					SLYE	78 5,000 tr	Dy DE, COM	ALCON OF	
						Close	Previous	High/Low	
					000	405.0	407.5	409.6	405.0
DOLD COR	3				Dec. Jan	407.9	408.A	0	0-
Prices suppl		dhard A	fetzis)		Mar	412.0	413.5	415.0	411.0
	S price		viupe 1	aleni	May	415.0	417.5	420.0	415.0
· · · · · · · · · · · · · · · · · · ·					Jul	419.7	421.3 425.2	423.6	420.0 0
Crugerrand Vasie lest	367.00-36 377.00-37		207.50-1 213.00-1		Sep Dec	423.6 423.6	431.2	434.0	429.0
Ager Soveres			50 50-5		Jen	431.6	433.2	433.0	435.0
					Mar	435.8	437.2	438.0	436.0
					HIGH	GRADE C	OFFER 25	eod lbs; cer	sts/libs
						Close	Previous	High/Lov	
	_				Dec	104.25	104.65	105.00	104.20
RADED OF	TIONS				Dec	103.75	104.25	103.70	103.55
offee	Jen	Mer	Jan	1456	Feb	103.15	103.70	103.00	103.20
50					Mar	102.85	103.45	103.80	102,70
00	53 20	41 20	4	21 50	Apr	102.35	102.90	103.50	105 70
	20 5	9	21 56	50 89	May	101.75 101.25	102.40 101.90	102.50 0	101,70 0
50					.tun lut.	100.75	101.45	101,50	100.00
	Mar	May	Mar	May	Aug	100.36	101.20	Q	0
ocos	45	68	34	36	Sep	99.90	100.75	100.20	100.20
50		54 45	49	46			45 655 5		
50 75	35		65	62	ORAN		15,000 lbs	COUNTY	
50 75		40				Close	Previous	High/Low	
50 75	35	40							
50 75	35	40			Jen	187 A	160.50	170 90	155.50
750 75	35	40			Jan Mer	167.40 166.40	168.80 169.75	170.90 171.50	165.30
50 75 00	35, 26				Mer May	185.40 158.65	1 69. 75 170.50	171.50 171.50	167,30 166,00
50 75 00 hrest Crude	35	Feb	Jen	Feb	Mar May Jul	185.40 158.65 168.25	169.75 170.50 170.25	171.50 171.50 170.25	167.90 186.00 186.00
50 750 775 100 brest Crude	35 28 Jan 27	Feb	36	80	Mar May Jul Sep	166.40 168.65 168.25 166.75	169,75 179,50 179,25 166,69	171.50 171.50 170.25 0	167.90 186.00 186.00
50 75 00 brest Crude	35, 28	Feb	_		Mar May Jul	185.40 158.65 168.25	169.75 170.50 170.25	171.50 171.50 170.25	167.90 166.00 166.00

_		phQ 42,000	US gatts	S/barrel	_ Ch	icag	Ю		-
	Latest	Previous	High/Lo	244		OCAMO E			
80	21.29	21.02	21.37	21.05	- 3012		dia nd 900,		
eb lar	21.12 20.94	20.65 20.68	21.19 20.98	20.85		Ciose	Previous	High/Low	
Of.	20.80	20.58	20.85	20.58	Jan	. 563/6	563/2	595/2	-68
47	20.75	20,49	20.75	20.54	Mar	571/0 577/0	570/4 576/4	572/4 57 2/ 5	57 57
HT.	20.57	20.41	20.57.	20.45	Jul .	584/4	563/6	586/0	- 58
of Dg	20.40	20.54 20.28	20.48	20.30	Aug	588/0	69640	586/6 .	58
	20,30	20.24	20,44 20,34	20,83 20,29	Sep	583/0	582/4	585/4	58
ip ci	20.30	20.22	20.30	20.27	Nov	586/0	566/2	\$66/6	58
					Jen	595/4	594/4	0	.0.
					SOYA	DEAN OIL	. 60,000 lbs;	denis/ib	•
Z \ \ \	THE OIL	5T000 FIR 8	alle, cent	v/US gaile	<u> </u>	Ciose	Previous	High/Low	•
	Letest	Previous	Nigh/L	W W	Dec Jan	19.08	19.04	19.18	18.
ec	6185	6169	\$165	6125	- Jan . Mar	19.21 19.54	19.51	. 19.32 19.65	15
N.	6310	6274	6325	6240	May	19.85	19.78	19.91	19. 18.
ler -	6040	5066	6050	5065	Jul	20,13	20.06	20.22	20
	5480 5480	5425 5386	6605 5480	5400 5400	Aug	20.32	20.23	20.34	20
	0-00		U-100	. 5-00-	Sep	20.35 30.35	20.35	20.40	20.
	•					-91-90	20.36	20.45	3 0.
oçx	A 10 hou			-	SOYA	SEAN ME	AL 100 tons;	\$/10n _	·Ţ
	Close	Previous	High/Lo	W		Cione	Previous	High/Low	
BC	1185	1178	1197 .	1165	Dec	. 177,6	177.2	177.7	171
	1231	1225	1245	1218	- Jan Mar	176.3 174.7	178.7 174.6	178.4	17:
4y	1200	1254	1200	1256	May	174,4	174.3	175.3 174.8	174
k qe	1297 1321	1291 1357	1308 G	1267 -0	Jul	175.5	175.4	176.1	174
9C	1360	1354	1358	T363	· · Aug	176.0	175.2	177.2	17
	1394	1588	8	0	Sep	176.5	176.3	177.0	170
Ty	1416	1410	0	0	Oct	188.7	188.5	189,0	12
i P·	1461	1435 1455	0 1464	· 1455 .	MAZ		min; cents/5	person of	1. 1
					•	Close	Previous	High/Low	•
_				<u> </u>	Dec	236/4	230/0	239/6	23
771		.500the; car			Mar May	248/4 255/2	249/0 255/4	249/6 258/2	24
	Close	Presious	HightLa	₩.	Jul	260/2	260/4	261/0	250 250
iĠ.	79.00	77.76	79,10	77.25	Sep	25714	25770	256/4	25
S	85.80	83.25	84.55	83.15	Dec	2544	2540	255/2	25
Y	85.10 85.25	. 65.75 81.30	87.05 69.50	85.90	, Mar	261/4	261/2	262/4	26
þ	91,15	91,16	92.00	88.25 . 01,15	MEA	T 5.900 to	min; cents/	Ohrbeitei	
M	98.00	95.25	95.25	95,00		Close	Previous		<u> </u>
	95.00	98.80	0	0 .	Dec	360/4		High/Low	
				•	Mer	360/4	364/2 365/0	389/4	383
DA	a word in	-11-112,0	Yr Bur		May	3514	350/2	.370/4	351
		*****			Just	328/2	323/6	363/0 326/4	347
	Glose	Previous	High/Los	M	Sep	25140		331/0	321 328
ď	8.92	8.02	8.94	2.81	Dec	- 343/0	341/0		341
y.	8.83	8.85	8.90	2.77	LINE	ATTLE 40	LOCO liber; con		
ł Ż	8.77	6.83 8.83	8.57	2.77 . 2.37		Cicee	Previous	High/Low	Ţ
	8.74	8.79	2.78	8.77	Dec	73.52	78.77		-
			_		· Februs	7457 -	74.62	73.90 74.77	73.
			•	•	Apr -	74.32	74.32	74.50	74,
	201 52 522	conte/fbu			100	70.80	70.95	—	74.
2576	بسييد در		(Mark II a		. Aug .	66.85	60.00	69.15	68.
) Tre		Children and the sec	Highto		Oct Oct	62.12	60.20	69.40	60.
	Cicee	Previous				701.00	70.30	70.50	0
XC	Ciose 67,70	57.00	56.00	67.00					
M.	Giose 67,70 59,40	50.32 50.32	89.85 -	58(80	LIVE	1066 400	OC To; cents/	tra.	
E.	67,70 58,40 60,50	50.90 50.92 50.90	69.55 - 61,55	50.05	LIVE	1008 40;0 Cides			
in.	Glose 67,70 59,40 60,50 61,28	57.00 58.92 58.92 80.70	80.55 - 61.56 61.30	50.50 80.50		Close	Pravious	Hightlaw	
	67,70 58,40 60,50	50.90 50.92 50.90	69.55 - 61,55	50.50 80.50	#2-Dic	Ciose	Previous 42.15	HightLow 42.40	\$1.5
ig ig ig	67,70 52,40 60,50 61,28 65,30	87.00 88.92 88.99 80.70 62.80	89.55 - 61.55 61.30 63.30-1	58(50 ····· 60,65 60,60 • 65/10 ·····	Teb	42.07 42.52	Pravious 42:15 42:65	Hightlaw 42.40 42.90	42
	Glose 67,70 52,40 60,50 61,28 65,30 63,75	57.00 58.92 58.92 80.70 62.80 63.27	69.95 61.30 63.30	58,50 ····· 60,50 - 63,40 ·····	Pati Feb Apr	42.07 42.52 40.45	Previous 42.15 42.65 - 40.50	High/Low 42.40 42.90 40.60	40.
ic ic ic ic ic ic	Glose 67,70 59,40 60,50 61,28 65,30 63,75 64,94	57.00 58.92 58.90 80.70 62.80 63.27	81.55 61.30 63.30 63.75 65.00	58,60 80,65 80,60 - 63,60 63,50 94,95	Teb	42.07 42.52	Previous 42.15 42.65 - 40.50 45.55	HightLow 42.40 42.90 40.60 45.65	40
	67,70 52,40 60,50 61,28 65,30 63,75 64,94 65,36	57.00 58.92 58.90 80.70 62.80 63.27	81.55 61.30 63.30 63.75 65.00	58,60 80,65 80,60 - 63,60 63,50 94,95	Feb Apr Just Just Aug	Cided 42:07 42:52 40:45 45:57 46:67 44:45	Previous 42.15 42.65 - 40.50	HightLow 42.40 42.90 40.60 45.65 45.75	· · · · · · · · · · · · · · · · · · ·
	Glose 67,70 59,40 60,50 61,25 65,30 63,75 64,94 65,36	57.00 58.92 58.90 80.70 62.80 61.27 64.50 64.92	61.55 61.50 63.30 63.75 65.00 0	58,60 80,65 80,90 63,40 91,90	Feb Apr Just Just Aug Oct	Cione 42.07 42.52 40.45 45.57 46.67 44.45 41.12	Previous 42.15 42.65 40.50 45.55 45.70 44.45 41.07	High/Low 42.40 42.90 40.60 45.65 45.75 44.50	40000
	Ciose 67,70 59,40 60,50 61,28 65,30 63,75 64,94 65,36	57.00 58.92 58.90 80.70 62.80 61.27 64.50 64.92	61.55 61.50 63.30 63.75 65.00 0	58,60 80,60 63,60 63,90 94,95	Feb Apr Just Just Aug	42:07 42:07 40:45 40:45 45:57 46:67 44:45 41:12 42:00	Previous 42.15 42.65 40.50 46.55 45.70 44.45 41.07 41.82	HightLow 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00	古古の名の
	Glose 67,70 59,40 60,50 61,25 65,30 63,75 64,94 65,36	57.00 58.92 58.92 80.70 62.80 63.27 64.50 64.92	61.55 61.50 63.30 63.75 65.00 0	58,60 60,90 63,60 63,90 94,95 0	Feb Apr Just Just Aug Oct	42:07 42:07 40:45 40:45 45:57 46:67 44:45 41:12 42:00	Previous 42.15 42.65 40.50 46.55 45.70 44.45 41.07 41.82	HightLow 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00	日のかられた
	Ciose 67,70 59,40 60,50 61,28 65,30 63,75 64,94 65,36	87.00 88.92 80.70 82.80 62.80 64.92 et Saptemb Nov.28	61.55 61.50 63.30 63.75 65.00 0	50.00 80.00 83.10 63.90 94.95 0	Feb Apr Just Just Aug Oct Dec	42:07 42:07 40:45 40:45 45:57 46:67 44:45 41:12 42:00	Previous 42.15 42.66 40.50 46.65 45.70 44.45 41.07 41.82	HightLow 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00	日のかられた
	Glose 67,70 52,40 60,50 61,28 65,30 63,75 64,94 65,36 COMS HERE (Back Nov. 22	87.00 88.92 80.90 80.70 82.80 81.27 84.50 64.92 et Septemb Nov.28	61.55 61.50 63.30 63.75 65.00 0	50.00 80.00 83.10 63.90 94.95 0	Feb Apr Just Just Aug Oct Dec	Cides 42.07 42.52 40.45 45.57 46.67 44.45 41.12 42.00	Previous 42.15 42.65 40.50 46.55 45.70 44.45 41.07 41.82 40.000 that co	High/Low 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00 High/Low	也如你在我们也!
	Glose 67,70 59,40 60,50 61,28 65,30 63,75 64,94 65,36 FERS (No.	87.00 88.92 88.90 80.70 82.80 81.27 64.50 64.92 et Septemb Nov.28	61.55 61.50 63.30 63.75 65.00 0	50.00 80.00 83.10 63.90 94.95 0	Dic Feb Apr Just Just Aug Oct Dec	Cione 42.07 42.52 40.45 45.67 46.67 44.45 41.12 42.00 ERSLORS Cione 39.00 50.57	Previous 42.15 42.66 40.50 46.65 45.70 44.45 41.07 41.82	High/Low 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00 High/Low 38.65	和《秦·林·杜··································
C III	Ciose 67,70 59,40 60,50 61,26 65,30 63,75 64,94 65,36 May 19,60 Ma	87.00 88.92 80.90 80.70 82.80 83.27 84.50 64.92 84.92 1624.8 1624.8	61.55 61.50 63.30 63.75 65.00 0	58,00 80,05 80,90 63,90 94,95 0 10,97,400 1086,7	Dic Feb Apr Just Just Aug Oct Dec	Cides 42:07 42:52 40:45 45:57 46:67 44:45 41:12 42:00 Cides 39:00	Previous 42.15 42.65 40.50 46.55 46.70 44.45 41.07 41.82 40,000 that; or Previous	High/Low 42.40 42.90 40.60 45.65 45.75 44.50 41.12 42.00 High/Low	也如你在我们也!



49 18

(3/1/75)

40 -

13.5

(23/7-84)

Nov 26 Nov. 25

69.3 90.3

87.3 87.7

Equities fall as selling pressure builds

By Terry Byland, UK Stock Market Editor

A NERVOUS UK stock market was further unsettled vesterday by reported warnings from Mr. Eduard Shevardnadze, the-Soviet Foreign Relations Minister, of the danger of another coup in Soviet Russia. Although the reports were greeted with some scepticism, they depressed a stock market also, faced with more downgrades of company profits by City analysts and finally upset by the announcement from Maxwell Communication that its trading report, due today. would be deferred. Impressed by Wall Street's

performance overnight, UK equities opened firmer. But the initial gain of 0.8 on the Footsie proved to be the high of the day and share prices soon began to slide, in spite of a steadier tone in the currency

Account	t Dealing	Dates
'First Dealings: Nov 11	Nov 25	Dec 9
Option Declaration Nov 21	Deg 5	Dec 23
Last Dealings: Nov 22	Dec 6	Dec 27
Account Day: Dec 2	Dec 18	Jan 6

Shares turned off as traders reported that large lines of stock were coming on offer. A US insurance company was believed to be trying to sell a portfolio in London on its own initiative, having reportedly failed to make a deal with a London integrated securities house. A wave of large deals, transacted during the morning but reported later in accordance with Stock Exchange

rules, , flowed across the Seaq screen just before trading ended for the day. Details of the transaction

were obscured by the heavy list of overnight bed and breakfast, or tax-orientated deals, in which stock sold at the close of Tuesday's sessionn was repurchased yesterday morning. A package of nearly 6m shares in Shell received this treatment.

Many of the international institutions concentrated on the auction of £1.5bn of UK government 20 year bonds, leaving the equity sector with even fewer players than earlier in the week. The reports of the Soviet Foreign Minister's comments on the situation in the Soviet Union, relayed to London from Tokyo, took further toll and by mid-session, the FT-SE Index was 26.6 down.

An attempted rally in the second half of the session was checked when Wall Street, after a slow start, showed a fall of 10 Dow points in UK bours, as it responded to economic statistics on US durable goods orders, personal income and

session a net 24 off at 2,447.5, bringing into focus the 2,431 mark challenged on Monday. Traders regard Footsie 2,425 as a testing level for the market. Trading volume, as measured by the Seaq network, increased to 548.5m shares from 526.1m on Tuesday. Traders believed that perhaps 100m of the share total reflected taxrelated activity, and said that genuine investment activity in the market yesterday had been somewhat higher than in

The FT-SE Index ended the

recent sessions which have also been featured by substantial tax-related trading. With US markets closed

today for Thanksgiving Day, institutional investors in London were nervous of being left holding blue chip stocks, effectively until next Monday morning. For this reason, UK traders backed away from SmithKline Beecham as it fell

heavily yesterday. Among domestically-orientated issues, store and retail stocks failed to hold on to the gains achieved in the previous session, as worries regarding the Christmas season resurfaced. Bank stocks were badly unsettled at the close when the deferrment of the Maxwell Communication statement hit those banks known to be involved with Maxwell debt.

sisted that any acquisition the

group may be considering fol-

company's stock.

£10m to £290m.

about Rank's gearing.

retreated 11 to 562p.

after Smith New Court reduced

current-year profits and divi-

dend expectations. The broker

cited further weakness in

Vickers' Rolls Royce Motor

The bear squeeze in TI

Group during Tuesday's ses-

sion was filled and the shares

Hambros Bank's first-half

figures were above market

expectations and triggered

good support for the shares,

which moved ahead 12 to 270p.

■ Other market statistics, includ-

ing the FT-Actuaries Share Indi-

ces and London Traded Options,

MARKET REPORTERS:

Peter John, Joel Kibazo,

Christopher Price.

Stave Thompson.

Since Complications High Low Government Segs 127 4 18/91 [2/1] (9/1/35) Fixed interest 105.4 95.36 $\{2/10\}$ (2/1) 128/11/47) (3/1/75) Ordinary Share 4 2108.3 1806.3 2108.3 (2/9/91) (26/6/40) (2/9) (16/1) 734 7 **Gold Mines** 172.2 (11/7) (22/2) (15/2/83) (26/10/71) 2679.6 FT-SE 100 Share (2/9) (16/1) (2/9/21) FT-SE Eurotrack 206 (3/9/91) (16/1/91) ●Ord. Div. Yield 4.98 7.39 17.03 5.18 7.41 16.98 Basis 100 Govi. Secs 15/10/26. Fored let. 1928 farfactly. 4.94 7.33 17.17 ●Earning Yid % (full) 11.99 10.08 1/7:35, Sold mines 12:9:55 Back 1000 FT-SE 100 31-12 85 7,40 17,00 7.49 16.82 ●P/E Retto(Net)(☆) & F7-SE Europeack 200 26/10/90 to fee 16/15. 1 Parties SEAQ Bargns 4.45pm Equity Turnover(Cm)† Equity Bargains† 24,038 1056.02 23,862 516.3 23,559 653,86 22,455 340 5 30,035 1021.64 29,490 21,998 24,905 21,960 958.22 738.50 GILT EDGED ACTIVITY 23,970 20,318 Indices* Shares Traded (ml)t 502 1 456.3 324.6 Gilt Edged Day's Low 1863.3 Bargains Open 9 am 10 am 11 om 1886.4 1878.8 1872.0 1865.8 12 pm 1869.2 1 pm 5 - Day average 1871.1 FT-SE 100, Hourly changes "SE Activity 1974. Day's High 2472.3 Day's Low 2444.9 †Excluding intra-market 3 pm 2453.2 9 am 10 am 2454.2 11 am 2447.4 12 pm 2450.4 1 pm 2450.4 2 pm 2450.5 business & Overseas turnover. 2464 8 London report and FT-SE Eurotrack 200, Hourly changes Day's High 1117 80 Day's Low 1110.88 latest Share index: Open 1117.55 10 am 1116.74 12 pm 1115,15 11 am 1114.70 1 pm [114.64 2 pm Tel. 0898 123001 TRADING VOLUME IN MAJOR STOCKS

FINANCIAL TIMES STOCK INDICES

in MCC

NEWS that Maxwell Communication Corporation (MCC) was delaying its interim results statement prompted a sharp fall of 10 to 45p in the stock.
MCC was one of the most actively traded Footsie stock with 15m shares dealt by the close, the highest turnover for more than a year.

The market had eagerly awaited the results statement, expected today hoping for signs of stability and an indication "that operations were returning to normal following recent turbulence. One observer said afterwards: "There had been a slight return of confidence and that has been taken away again." Most analysts are unpre-

pared to forecast the results but there have been suggestions that they could be as low as 120m, once the recent sale of Pergamon Press is stripped out compared with £90.1m at the same time last year. It is also widely feared that the dividend will be cut or even MCC is struggling under the

burden of its own heavy debt and the private debt of the Maxwell family, which owns 68 per cent of the company's Mirror Group Newspapers

eased 2 to 123p and shares in banks which have lent to Maxwell were down significantly.

NatWest hard bit National Westminster was

the most actively traded and worst performing stock in a were damaged by worries about the deferred interim figures from the troubled Maxwell Communication Corporaation and also by a swingeing profits downgrade instigated by Carr Kitcat & Aitken.

Mr Derek Chambers, banks analyst at Carr Kitcat, chopped his 1991 profits forecast for NatWest to £50m, down from £300m.Mr Chambers visited NatWest on Tuesday. The Carr Kitcat forecast is now by far the lowest in the market. Before the Carr Kitcat move the range of analysts' forecasts extended from £180m to the high £300ms.

Mr Chambers altered his figures after allowing for an increase in bad debts in the - UK, which far outweighed an - improvement in NatWest's overseas bad debts; a contrac-

tion in NatWest's balance sheet, which in turn reduced the bank's interest income; and increased restructuring costs in the UK. Carr Kitcat raised the bad debt expectation by £150m to

£1.85bn, cut the interest

income figure by £80m and added £20m to his restructuring charge. At the close, NatWest shares were 15 down at 299p, the first time the stock has dipped

below 300p since July 12. Turn-

over was a heavy 6.1m. Worrles that the NatWest experience on bad debts could impact on the other big banks left Barclays 10 off at 375p on 5.5m traded, Lloyds the same amount down at 377p on 1.5m and Midland 6 weaker at 224p

Lloyds Abbey down UBS Phillips & Drew was

behind a sharp slide in the Lloyds Abbey Life share price after the broker lowered its profits and dividend estimates. The broker cited a steep increase in bad debts at Lloyds Abbey's Bowmaker Finance subsidiary as responsible for the reduction in estimates. Mr Youssef Ziai, life specialist at UBS, said Bowmaker, which has a 2500m second mortgage book, was suffering from the big increase in house repossessions. He pointed out that second mortgage lenders were being hit by their absence of mortgage indemnity cover against repossessions over which second mortgage lenders have no control. Mr Ziai lowered his current year prediction from £320m to? £305m and that for next year from £390m to £360m. He cut

SmithKline weak Pharmaceutical company

slipped 12 to 376p.

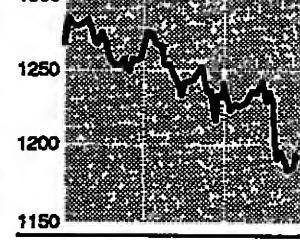
SmithKline Beecham fell sharply on speculation that it had been forced to withdraw one of its most important drugs. At their lowest the A shares were off 22 before recov-

his dividend estimates from

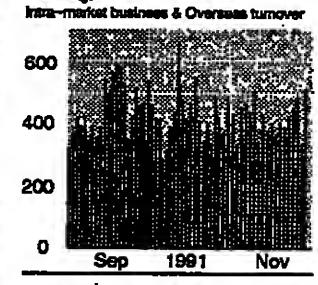
18p to 17%p and from 19%p to

18p respectively. Lloyds Abbey

FT-A All-Share Index



Equity Shares Traded Turnover by volume (million) Excluding:



ering to close 15 down at 776p on turnover of 2.4m The slide began after the company told US investors

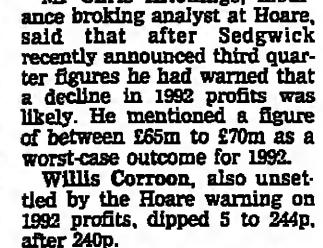
that it had decided not to continue with the development of its anti-ulcer drug Pantoprazole. This became confused with the company's headline anti-ulcer product Tagamet, which makes up about 25 per cent of SmithKline's pharmacentical sales. The stock had already drifted off 10p in London, with

talk that one securities house was trying to place 500,000 shares. Then, there was heavy US selling when Wall Street opened. The confusion was compounded, according to one observer, because analysts were unable to contact the company's investor relations managers. However, the fall was checked by a newswire zole was the drug in question. Insurance broker Sedgwick came under sustained pressure for much of the session after

Hoare Govett, the stockbroker, adopted a much more cautious line on the shares. Sedgwick fell to 203p at one

point, the lowest since October 17 last year, before stabilising and eventually ending a difficult session 9 off at 208p. Mr Chris Hitchings, insur-

employment



Broker downgrades caused a flurry of selling pressure in BICC, the heavy electricals and contracting group, which settled 5 off at 322p, after 320p. UBS Phillips & Drew was said to have reduced its 1991 profits forecast from £135m to 110m and that for 1992 from £165m to £130m. The downgrades were made to accommodate property writedowns.

Turnover in BAT Industries was boosted by a line of 2.2m shares traded at 612p and believed to be the second half of a tax-related "bed and breakfast" deal.

Relief that the bid for Hawker Siddeley has been successfully completed prompted BTR to rise 5 to 386p on healthy turnover of 5.7m. Speculation that Laporte, the

speciality chemicals manufacturer, may be a contender for the Footsie, prompted the shares to be marked up 9 to 593p on negligible turnover. Hardy Oil & Gas gave the

most impressive performance in the oils, adding 8 at 172p ahead of a presentation by the company to the London Oil Analysts Group. Oil specialists attended the British Independent Oil Explorers dinner in London last night. Kwik Save stole the limelight in food retailers and raced up 26 to 569p, with ana-

in preliminary profits. Ratners was affected by yet more profits downgrades -Goldman Sachs was said to have lowered its current-year figure to £35m from £45m and forecast that the jewellery retailer would pass its final dividend. The stock fell to 48p before settling a net 4 off at 50p

on heavy turnover of 5.5m.

lysts impressed by the better

than expected 19 per cent jump

The long-running merger talks between Rosehaugh and Stanhope, the loss-making property companies responsi-ble for some of the largest developments in London, continued, with some analysts believing that progress had been made. Stanhope advanced 6 to 42p but Rosehaugh receded 1 to 11p.

Great Portland Estates dinned 9 to 169p. Worries per-

lowing its recent £100m debenture issue would dilute the Repercussions of a rumoured revision of the leisure sector by a leading broking house dragged down Ladbroke Group. The stock fell 8 to 248p on reports that the house had shaved its profits forecast by Rank Organisation was unsettled after a 1.4m-share placing by S.G. Warburg which left the stock 12 adrift at 652p. Analysts said the move attracted little buying interest ahead of the company's results, which are expected in the New Year. Worries also persist Vickers receded 7 to 150p

US durable goods figures,

together with favourable

employment data mid-after-

noon, only served to slow the

decline. At the close, Decem-

ber stood at 2,465, down 24 on

the previous session and some

EQUITY FUTURES AND OPTIONS TRADING

REPORTS FROM the Soviet Union yesterday of the danger of another coup halted a strong advance in Footsie futures, writes Joel Kibazo. The December contract saw

strong buying early in the day, pushing the premium over the underlying cash market to around 20, with sentiment boosted by the firm overnight Wall Street close.

December's advance was. however, halted by the news from the Soviet Union, attriseven points above its estibuted to Foreign Minister Mr mated fair value premium to Eduard Shevardnadze. The cash of 11. contract fell back for the rest In the LTOM, sentiment of the session, leading the remained dull and turnover underlying cash market lower. fell to 20.758. Scottish Power News of better than expected

was the busiest stock option with a day's total of 5,270 contracts, boosted by a closing trade from a leading house. This was followed by BP, which traded 1,729 contracts. Kingfisher, Glaxo and Dixons were also busy.

NEW HIGHS (19).

BRITISH PUNDS(1) Tr.2pc IL. 1992, BREWERS

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(1) Bilton (P), TRANSPORT (1) PSO 5½ po
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NEW HIGHS AND LOWS FOR 1991 Graham Wood, Laing (J), ELECTRICALS (2) Oxford Insta., Sony, ELECTRONICS (3) AB Boot., Alphameric, Visch, ENGINEERING AEROSPACE (1) Bril Aerospace, ENGINEERING GENERAL (2) Elliot (2). Simon, FOOD MANRIFACTURING (1) Linton Parl, FOOD RETAILING (1) Ashley 84,p Pri., HOTELS & LEISURE (2) Pickwick, Wordbley, INSURANCE BROKERS (1) Sedgwick, INVESTMENT TRUSTS (2) Pieming Emg. Mids., French Property, MEDIA (2) Ellack (A&C), Midlande Radio, METAL & METAL FORMISSE (1) ASW, INSCELLANEOUS (2) Astra, Novalal, OIL & GAS (2) Sceptre Res., Tusker Res., PROPERTY (4) Chesterfield, QL Portland, Rosehaugh, Trancherwood, MINES (2) AFMIN, Waverley Mining Fin.

With the same

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APPOINTMENTS

Man for the Pru

Keith Bedell-Pearce, who is probably the only executive with a double-barrelled name to have led the Prudential's 13,000 strong direct sales-force. has been appointed a director of PRUDENTIAL Corporation. As the youngest man on the board of Britain's biggest insurance company, the 45vear-old Bedell-Pearce has risen quickly through the ranks: His latest promotion confirms suspicions among many analysts that he could be a future chief executive. A graduate of Exeter University and Warwick Business

School, Bedell-Pearce qualified as a solicitor in 1978. But his reputation in the Pru has not been made on the legal side. He first made his mark as marketing director of Prudential Portfolio Managers where he was instrumental in the Pru's **EVALLOUREC UK has**

appointed Alan Wellan as its Bob McLellan has been

promoted to personnel director of SCA PACKAGING. THOMSON HOLDAYS antiounces the promotion of Claire Wilson as md of its subsidiary Portland Holidays. BOWATER announces the appointment of Delmund Penney as sales director of Welton Packaging's retail plastics division. EDavid Till is appointed a director of MUELHENS Ltd. Ayman Ashour has been

entry into both the segregated pension fund and unit trust markets. The Pru now has around £9bn in segregated funds and Bedell-Pearce and his team are credited with attracting more money into the Pru than ever before. More recently, he has been

the architect of the substantial reorganisation of the group's Home Service Division, the Pru's biggest and most important UK business. This involved the role of the traditional agent, the famous "Man from the Pru". In a bid to improve the overall performance of the group's direct sales-force, arguably its biggest asset, the Pru has split it in two - 6,000 customer service representatives and 3,000 financial consultants. At the beginning of 1991 he

appointed international industrial marketing director of FSL part of Williams Holdings. He was international regional director of Thorn Security.

was put in charge of the

■ John Callaghan, chief executive of FYFFES, has been co-opted to the board. **■ CENTRAL MOTOR AUCTIONS** has appointed Chris Robinson finance director of its Operations subsidiary. Roger Colvin, formerly finance director of NOBO, has

been promoted to chief

executive to succeed Colin

appointed md of WESTLAND ENGINEERING. TM GROUP has appointed Richard Callwood md of ISS. the result of merging its ISS and VTS operations. FKI has appointed Tony Deeming md of Clarkson International Tools. Anthony Jacobus is appointed director of finance and funding of THE GAME CONSERVANCY; he moves from Banque Indosuez. ■ Paul Kelly has been appointed md of GESTETNER.

group's other big UK business

- Prudential Financial Ser-

vices. Covering areas such as

corporate pensions, specialist

life and personal pensions, he

has the job of increasing the

group's share of the indepen-

dent financial adviser market

which is currently around 3

Smith, who has left the group.

■ John Perry has been

per cent

Hawker boarded BTR, the UK industrial

swiftly to take control at HAWKER SIDDELEY after winning a £1.55bn takeover battle for the electrical engineering group last week. Integration of the two groups will be led by Robert Faircloth, who was appointed BTR's chief operating officer this week and now joins the board of Hawker. Sir Owen Green, chairman of BTR. succeeds Sir Peter Baxendell as chairman of Hawker and Alan Jackson, BTR's chief executive, will take over as md of Hawker from Alan Watkins. Kathleen O'Donovan, BTR's finance director, also joins the Hawker board.

conglomerate, has moved

Sir Lindsay Alexander, Sir James Hamilton, Christopher Hampson and Quinton Hazell have resigned as non-executive directors of Hawker. Customs and Excise has

appointed two commissioners to its nine-member board. Lecnard Harris returns from a spell at the Treasury where he headed the personnel policy group, to oversee technical policy concerning VAT and excise duties, with effect from 16 December. Lis Woods takes over from Diana Seaman as director of VAT control. She was previously an under-secretary at the department of social security in charge of the finance division.

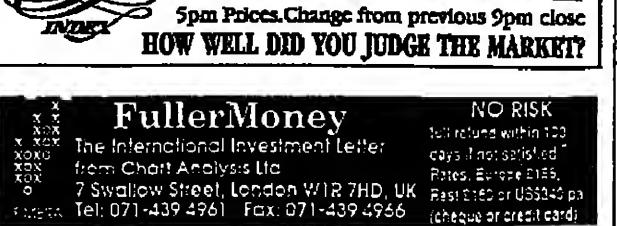
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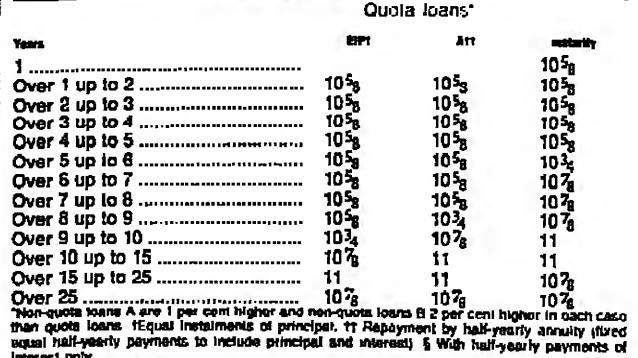
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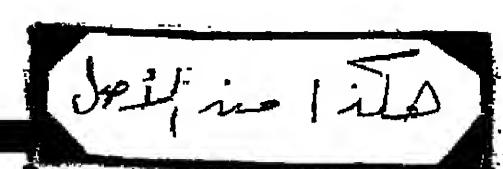
ਅਮਰੀ ਜਿਸਮਦਿਤੀ ਪਿਰਵਿਸ਼ੀਸ਼ ਦੇ

PUBLIC WORKS LOAN BOARD RATES Effective November 27



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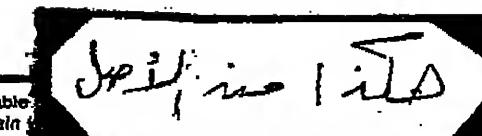
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Soviet worries boost dollar

THE DOLLAR was driven higher yesterday as worries about the political stability of the Soviet Union resurfaced, prompting investors to favour the US currencies' qualities as a safe haven.

Spurring the move into dollars was the reported comments of Mr Eduard Schevardnadze, the Soviet foreign minister, who warned that the serious deterioration in the Soviet economy could lead to

The dollar had opened firmly following the comments by Mr
Jurgen Möllemann, the German economics minister, who
was reported to have said he
thought the best level for the dollar was between DM1.65 and DM1.70.

Currency analysts said Mr Möllemann had been referring to the level of the dollar pre-ferred by German exporters. Nevertheless, the dollar held onto most its gains and was given a further boost soon after European trading began when the first talk about a coup in the Soviet Union began to sweep around the market. Further gains came as

another batch of US economics statistics were released. The focus of attention was the new applications for unemployment insurance, which fell in the week ended November 16 to a seasonally adjusted level of C IN NEW YORK

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413,000 from 493,000 the previ-

Dealers reported strong interest in the dollar and said some investors who had sold the US currency after the failed coup in August had reappeared as buyers.

But the movement's in the foreign exchange markets may have been exaggerated by the approach of the year end with some dealers reluctant to actively trade the market.

"Many inter-bank dealers have an eye on their end of year bonuses and don't want to blow any profits they have made this year by taking large positions," said one currency positions,"

The dollar closed higher at DM1.6170 from DM5805 and at Y130.25 from Y128.15. The main casualty of the talk about political upheaval in the Soviet Union was the

able to make gains, particularly the Swiss franc. The mark dropped to 88.30 Swiss Previous from 88.70. There was also a growing feeling that Germany will try

that had been building up within the ERM, while other

European currencies were also

to keep the mark under control ahead of the Maastricht Summit in order to prevent stresses in the ERM becoming a source of tension at the meeting.

Sterling also benefited from the mark's weakness, rising to DM2.8575 from DM2.8400, although it remained firmly at the bottom of the ERM grid. mark weakness and interven-tion the previous day by the Bank of Portugal. The mark closed at around 89.10 escudos, just below the level at which the Bank had stepped into the

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Box 27	Day's spread	Close	One month	92	Three	%
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FINANCIAL FUTURES AND OPTIONS

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FE EX	MSMARK Jok of 18				LEFFE IT	alua es	rt, gorus (Lifa 290 m	1877 FUT 1878: d	180%	LIFFE \$8 £ 300,00 0	high a	100%	
1	Galis-set Dec 0.76 0.51 0.28 0.07 0.02 0	Mar 1.04 0.80 0.57 0.36 0.19 0.10 0.05 0.02	0.02 0.02 0.06 0.26 0.49 0.74 0.99	Ulements MAN 0.01 0.02 0.04 0.05 0.16 0.32 0.52 0.74	Strate Price 9500 9550 9660 9700 9750 9850	Calls-sz Na; 1.79 1.42 1.08 0.58 0.58 0.58 0.18	tifenests Jan 2.09 1.76 1.46 1.19 0.96 0.76 0.59 0.45	Puts-set Mar 0.27 0.40 0.56 0.78 1.06 1.30 1.75 2.16	0.54 0.71 0.71 0.91 1.44 1.41 1.71 2.04 2.40	5300,000 Sortic Price 8820 8825 8900 8925 8930 8975 9000 9025	Calls-set Deat 0.85 0.60 0.37 0.17 0.05 0.01	199% Mar 1.26 1.02 0.60 0.41 0.27 0.16 0.09	Pets Dec 0,02 0,02 0,07 0,20 0,41 0,65 0,90
In 60 700 705 775 700 775 700 775 775 775 77	Galis-sei Dez 0.76 0.51 0.28 0.07 0.02 0 0	Mar 1.04 0.80 0.57 0.36 0.19 0.10 0.05 0.02 41, Calls 4	0.02 0.02 0.06 0.26 0.49 0.74 0.99	0.01 0.02 0.04 0.06 0.16 0.32 0.52 0.74	Strate Price 9500 9550 9660 9700 9750 9850	Colls-sz Mar 1.79 1.42 1.08 0.50 0.58 0.27 0.18 volumbe to	tifenesis Jan 2.09 1.76 1.46 1.19 0.96 0.76 0.59	Puts-set Mar 0.27 0.40 0.56 0.78 1.06 1.30 1.75 2.16	0.54 0.71 0.71 0.91 1.44 1.41 1.71 2.04 2.40	5300,000 Sortic Price 8820 8825 8900 8925 8930 8975 9000 9025	Calls-set Deat 0.85 0.60 0.37 0.17 0.05 0.01	199% Mar 1.26 1.02 0.80 0.60 0.41 0.27 0.16	Pets Dec 0,02 0,02 0,07 0,20 0,41 0,65 0,90

	9% (10130) 2nds of 14					ASURY BOOKS 32mb of 100				JAPANES Y12.5m (E YEN (IMB)		
: ir ismated reiout d	Close 93-20 93-28 volume 613 ay's open is	123gh 93-28 94-06 127 (3644) 14. 51,448 (93-18 93-19 538811	Prev. 93-13 93-20	Oer, Mar Jun Sep Dec	99-11 98-15 98-16 95-17	High: 99-20 98-22 97-21 96-18 95-17	98-20 97-27 96-22 96-14 94-30	Pres. 99-18 96-20 97-20 96-21 95-22	Des Mar Jos Sep	0.7640 0.7660	High 0.7762 0.7661 0.7660	0.00
	JOHN BOND				Mar	94-20 93-26	94-73 93-26	94-20 93-26	94-26	BEUTSCH	E NANK DAR	D D	
	Close	High	Low	Pres.	Sea	-		-	93-07	BH125,81	14 5 per 04		
r Ipetel	99-10 98-14 volume 254	99-14 98-16 19 (2794)	98-31 98-06	28-17 23-11	Det: Mar		_ :		98-20	Dec.	0.6181 0.6181	0.6205 0.6135	0.0
STORE O	by's open in	£ 3819 4	5571		U.S. TRE	KSURY MILLS	(BEH)			1œ	0.6035	0.6050	0.
	TIM, GERO	MI CONT.	BOOK "		Sin prin	k of 100%							
25 1 ,01	0 100tbs s	100%				Latest	High	45.57	Prev.	77 Per 61		-110	
E	Cless 85.45	High 85.99	85.62	Pres. 85.94	Dec	95.62 95.80	% 62 % 82	95.75	95.62 95.80	Sim pole	ONTH EUROPA 1: of 100%		
r Jestes Vicus d	86.10 volume 519 lay's open le	85.41 943 (3807) 8. 84369 (84.07 9 86888	86.37	Jan Sep Oex	95.64 95.40 94.91	95.45 95.40 94.91	95.62 95.40	95.63 95.36 94.90	Dec Mar Jan	95.05 95.25	High 95.04 95.27 95.09	6
MINTE	MAL LANG Jon 100ths	TERM JA	PAKESE GE	WT.	ntown a	POLINA CENTRO				Seg Dec	95.07 94.79 94.25	94.81	9
-	Close 99.84	High 99.91	199.93		St per S	THURS CERT				Mar Jun	94,01 93.58	94.25 94.03 93.60	9
	100.04	100.12	100,04			Letest	,則於	1 7110	Prev.	Sep	93.22	93.25	
	rolator 460 dashely on				Der Mar Jan	1.7644 1.7400	1.7710 1.7456 1.7190	1 7610 1 7350 1 7150	17522 17576 17142	STATEMENT SERVICE	& POORS 54	8 MBEX	

238,560 1865 ₅	d 188%			SWISS FILE	MC (TELEPIS)	
Close 99.45	Files 99,80	Low 99.75	Pres. 100.78	SF, 125,00	S per Sir	
sted solute 25 ous day's open is	(III)		400.70	Dec Mar Jose	0.6946 0.6895	0.7 0.6 0.6
NOTEDIAL ITA 200m 100ms of Class	LAN GOVT. 1 1987. High	Low	Pres.	PHILADELP C31,250 (cc	HELA SE EAS	SP7
96.39 96.52 vated volume 78 ous 627's open la	96.69 96.71 13 <i>169</i> 99	96.38 96.51	96.44 96.51	Strike Price 1.675 1.700	Dec 11.45 6.50	
E 188811H STER ,000 police of I				1 <i>725</i> 1 <i>75</i> 0 1 <i>775</i>	4.25 2.42 1.16	
Close	18gh	Low	Prev.	1800	0.47	

Dec Mar	90.00 89.97	90.01 89.99	89.99 89.97	89.97 89.94
Est. Vol. Prerious	(Inc. Hgs. no day's open to	st shown) 3 st 168533	8101 (608) (165777)	899
THREE I	6 of <u>189</u> %	RALLOG		
Dec Mar Jun Sep Est. Vol Previous	Cless 95.05 95.26 95.08 94.81 Cac. figs. or day's open in	High 95.07 95.27 95.08 94.78 x shown) 6 4. 42277 (95.02 95.02 95.05 95.05 94.76 275 (1826) 41802)	Pro. 95.06 95.25 95.03 94.73
THREE I		MARK .		
Dec Mar Jun Sep Dec	Close 90.51 90.78 91.06 91.28 91.40 91.56	High 90.54 90.83 91.10 91.33 91.40	90.50 90.77 91.05 91.25 91.39	90.52 90.81 91.09 91.31 91.41 91.60

Estimated solume 17627 (26903) Previous day's open (as, 177205 (176007)

9% ROTERIAL ECO BOND

	points of 18	176		
Dec Nar Jun Sep Estimate Previous	Close 89.81 90.21 90.48 90.66 d returne 551 day's open in	High 89.85 90.21 90.47 90.67 1.5609 1. 6425 (kg	89.79 90.17 90.47 90.67	97.82 90.19 90.47 90.68
	POSITH ETIME points of 194		RANG	
Orc Mar Jazz Sep	002 91.82 92.14 92.44 92.61	Kigh 91.87 92.25 92.52 92.65	91.77 92.13 92.40 92.58	Pres. 91.83 92.19 92.48 92.64

plest	_	
₩gb	Low	Prev.
	2462.0	2489.0
2527.0		2525.0
2550 Q	2550.0	2535
417 (9188)		
	2527.0 2550 0 1417 08188	2527.0 2497.0

Dec 1076 6 Mar Estimated eskape 0 00 Previous day's open let, 305 Contracts tracted on APT.	mya	UCW	1080	
Estimate Previous	d roken () (II day's open let	305 (305)		
Contra	टांड छडांस्त्रं का	APT. Clesion	prices s	hown.

POUND	- DOLL	AR		
FT FEREIG	ECHANG	RATES		
Spot 1.7670	1-ostk 1,7582	3-min 1.7425	6-mih 1.7194	12-orth 1.6775

BASE LENDING RATES

77,340

0.6981 0.6966 0.6923 0.6910 0.6859

Previous day's open let: Calls 351 321. Plets 393 307 (All correncies) Previous day's volume: Calls 14,788. Plets 29,441. (All correncies)

7 to 10 YEAR 10% NOTICOLAL FRENCH BOND CHATTEY FUTURES

December - 85.86 Narch - 85.80 Estimated volume O Total Open Interest. 5,512

CAC-40 FUTURES (MATER) Stock Index

December 105.44 105.20
Marck 105.50 105.32
Estimated volume 0 Total Open Interest 5,022

CPTION ON LING-TERM FRENCH BOND GLATUFI

86,329

Estimated volume 42,797 Total Open Interest 345,721

December 90.34 90.29 +0.0 March 90.66 90.60 -0.0 Estimated volume 17,212 Total Open Interest 57,066

colorne 11,932 Telai Open interest 18.416

106.22 105.76 -0.29 106.36 105.90 -0.28 106.86 106.40 -0.28 152,590 Total Open Interest 136,662

MREE-MONTH PERON FUTURES WANTED (Park labelesk afficial table

	ACRE & LONGOOD	101.5		Ш5	MCDOWER DOMESTRUK. CTT.
	Alfeet Trest Bank	105	Copres Popular Bk	105	Midland Bask 10.5
	All Bank	105	Durbar Bank PLC	185	Monet Banking 10.5
Ì	Herry Austracher	10.5	Depocan Layerie	105	Mat Westmister 10.5
	B & C Merchant Bank		Eggaterial Sank olc	10.5	Hortisem Bank Ltd 10.5
	Bank of Baroda		Exerce Back Librilled		Rytredit Mortgage Bank 11
	Baero Bildao Vircaga	105	Floancial & Gen. Back	11	Promocial Bank PLC 14
	Back of Crons	105	First National Bank Pic.	14	Residente Bank Lini 11.5
	Bank of Ireland	105	• Robert Flember & Co	105	Royal Bir of Scotland 10.5
	Bank of India	105	Robert Fraser & Plans	11	Smith & William Sess 10.5
	Bask of Scotland	105	Girotark	105	Standard Chartens 10.5
	Barrane Beige Ltd	105	Geigness Mathon	10.5	TS8 10.5
	Barcias Bank	10.5	Hambrus Bank	105	Uniback pic 10.5
	Contract Best	11	Hampshire Trust Plc	135	O United Sk of Karwall 10.5
	Brit Bk of Mid East		Heritado & Gentar Bok.	10.5	Unity Trans Bank Pic 10.5
þ	Breen Stipley	105	● WII Samed	105	Western Trust
	CL Bank Nederland		C. Hotere & Co.	105	Westpac Bank Corp 10.5
	Citibant NA		Hongherry & Strangfari	10.5	Whiteaux Laidau 10.5
	City Merchants Bank	10.5	Jelian Hodge Bank	105	Yerishire Bank 10.5
	Cipiestale Bank		● Leopold Joseph & Sons	10.5	Members of British Members
	Co-coerative Bank		Liends Bank	105	Banking & Securities Houses
	Coetts & Co		Meghraj Bank Ltd	105	Association.
	THE THE COLUMN		-42an) man 66 conce		

MONEY MARKETS

Chie at rate i Picating rate 6-2520 0 5-1400 0

World rates steady

MONEY rates around the world were broadly stable yesterday as the recovery in the US dollar and weakness in the D-Mark eased some of the tension which has been building up in recent days in the mar-

UK money rates were steady to slightly easier as sterling strengthened against the mark. The key three months interbank rate was unchanged at 103 per cent: six months money was off in at 10%-1/2 per cent; and one year money was also a easier at 10%-14 per cont

positive short Sterling's

UK clearing bank base landing rate 10.5 per cent from September 4, 1991

D-Mark lifted the futures market, with the March short sterling contract up 5 basis their reserve requirements. points at 89.75.

At current market levels, 9.10-20 per cent, up from 9.00-10 dealers are still not expecting any change in UK interest currently anticipating an interest rate at the end of

March of 10.25 per cent. Chancellor of the Exchequer, UK government was committed to the current level

of ERM parities.

However, money dealers said it would take either a sudden improvement in economic confidence or rise in sterling to create the room for an early cut in interest rates.

The Bank of England left the money market slightly short of liquidity. It initially forecast a liquidity shortage of £1.2bn caused partly by Treasury bills maturing.

The forecast was later revised to £1.25bn. This shortage was met with £1.156bn of assistance, which left the market almost £100m

Money dealers said they expected further large shortages as the end of the month approached. Today a shortage of around £1bn is forecast by dealers.

In Frankfurt short-term money rates were firmer as the performance against the end of the month approached with banks trying to bolster their liquidity levels to meet Call money was quoted at

per cent despite the Bundesbank adding DM2.3bn rates in the immediate future. of liquidity to the banking The futures market is system in this week's securities repurchase tender.
In New York the Federal Reserve refrained from reserve Mr Norman Lamont, management operations. Federal funds were trading at reassirmed yesterday that the 4% per cent compared with the Fed's presumed target of 4% per cent.

1100 am #0+271	3 manufact US dollars	6 months US Dollars				
bid 4%	offer 5	bld 4[]	offer 40			

MONEY RATES

NEW YORK			Treasury	Bills and	Bonds	
Lunchtime		One month .		4.26 Tirec	700	580
Prime rate Broker loan rate Fed hints at intervention	713 . 43a	Two month Three month Six manth Goe year Two year		4.50 Sever 4.72 10-70	1637	
Nov 27	Oremiglet	Dee Moreb	Two Meaths	Three Mostis	Siz Monto	Londoni Interventio
Frankfort. Paris Zurich Amsterdam	900-912	900-915 911-911 75-74 921-910	9 20-9 40 91-911	920-940 93-93 73-61 940-945	9.20-9.40 95-91	9.25 9.25
Tokyo Milan Brusses Debila	10 - 11	122-124	104-104	12.4.12.2 104.104	104-10%] [

L	ONDO	N MC	NEY	RATE	S	
Nov 27	Overnight	7 days notice	One Month	Three Months	Sia Months	One Year
Interbank Offer	10 ¼ 91 ₂	10%	10 & 10 \frac{1}{2}	10% 10% 10%	10% 10,5	103
Local Authority Deps, Local Authority Bonds . i	_	10%	iok	10%	102	10. 10. 10.
Oiscoum Mirt Deps Company Deposits	1012	107	10%	105	108	ROS
Finance House Deposits Treasury Bills (Boy)	<u>-</u>]	-	105 105 107	10% 10%	10 H 10 H 9 H 10	101
Bank Bills (Buy) Fine Trade Bills (Buy)	-	_	107 107	10%	18	
Dellar CDs	= 1	1	4.75 7.4	4.90	4 88 74	5.00 74
SDR Linked Dep. 8ld EGU Linked Dep. Offer .	<u> </u>	<u>-</u>	7-1	7) 613 10 3	71 62 104 104	74 67 102 103
ECU Linked Dep Bld	-	-	10%	70%	101	10,2

Treasury Bills (sell); one-month 10% per cent; three months 10% per cent; six months 9% per cent; Bank Bills (sell) one-month 10% per cent; three months 10% orr cent; Treasury Bills: Average tender rate of discount 10.1662 n.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1991. Agreed rates for period Nov.26, 1991 to December 24, 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31, 1991. Scheme IV&V 10.447 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 10½ from November 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent, nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.



... what next?

For information on trading currencies, stock indices and other financial futures and options markets (in the United Kingdom and Overseas), call Bruce Rippon at First Futures on

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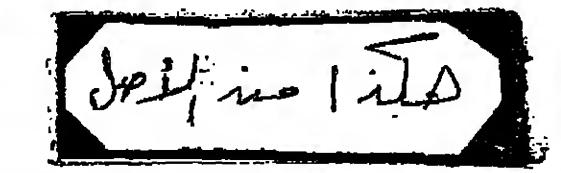
(Facsimile: 071 930 9640) or return the coupon below to First Futures Brokers Ltd. FREEPOST, 126 Jermyn St. GB - LONDON SW1Y 4YZ



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FT 28.11.91 Futures and options prices can fluctuate wildly and in certain instances this can lead to losses in excess of monies deposited.



MONEY MARKET FUND

Money Market Trust Funds

Money Market

0.7674 0.7633 0.7655 0.7612 0.7660 0.7597 0.7591 Sesses House, Burgess HIM West Sesses, RH15 9AW 0444 230230 0.6181 0.6205 0.6164 0.6160 0.6181 0.6205 0.6094 0.6091 0.6035 0.6050 0.6035 0.6026

Pres. 95.96 95.25 95.26 95.26 95.26 95.27 95.26 95.27

18,214 30,012

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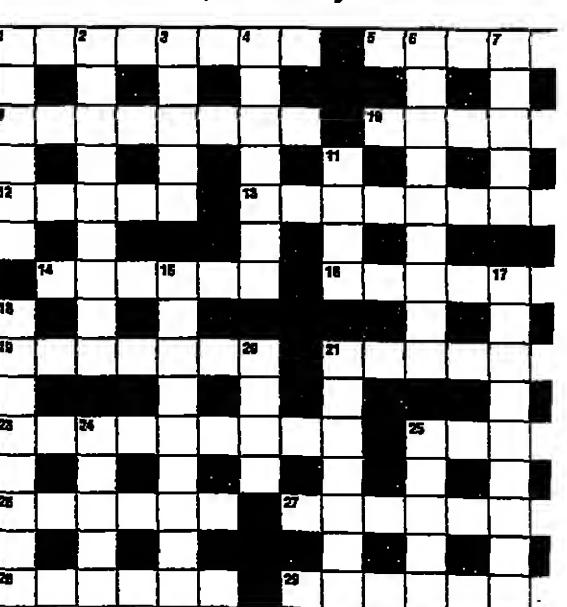
JOTTER P.

Wimbledon & South West Floance 114 Newsate St. London ECI 7AE 17gb let Cheque Acc. ... 110.60 7 95 11

NOTES— Gran. Contracted rate of interest p.
Lating account of the deduction of basic rate I
lifet: Rate of interest payable after allowing to
of basic rate income tax. Gross CAR: Gross rate
to take account of compounding of interest
than once a year, 'Compounded Annual Rat
Frequency at which interest is credited to the

CROSSWORD

No.7,710 Set by DANTE



1 Things people write (8) 5 Missing sailors - ten adrift

9 Believe gold might satisfy 10 Key operators may strike

against it (6) 12 Used by a bowman leading Don Quixote's horse (5) 13 Anyway, it's where the customs may look (2,3,4)
14 Footwear by which the Irish

may be recognised (6) 16 Cave used as an observation post (4.3) 19 Checks, made by police (7) 21 It may require darning or

peeling (6) . . 23 Sweet drink on the rocks? 25 Get down to making a proposal? (5)

26 The colour of a Dutch house 27 Such a player is presumably not equipped for the top (8)
28 Digs occupied by a lot of

sprites (6) 29 Made concession to be

1 A county council ring road grant? (6)
2 Official makes rate reform

the second secon

more certain (9)



8 Gormless mountain d

4 Sweetheart has reason

passionate (7) 6 William has an atte

making butter (5-4)

7 Not a hit certainly

plays his part (5)

8 Outside lines to ring!

11, 15 Sign up ace goal an England player (4 17 Embarrassing position

18 Bird has a way to how

20 Black marketeer uns

top brass (4) 21 Tidied up? No, down!

22 Avoided potential du

24 Flinch, though still g

25 Colour uniformly wo

Solution to Puzzle No.

editor (6)

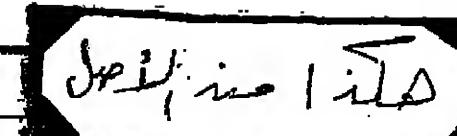
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CROSSWORD



	FINANCIAL TIMES	S THURSDAY NOVEM	BEK 28 1991	W	ORLD STO	CK MARKETS	Je il in	1 ils
2	AOSTRIA Neverales 27 Sch + or -	FRANCE (caratimonic) Neverther 27 Frs. + sr -	GERMANY (continued) November 27 Ons. + ar -	NETHERLANDS Nevember 27 Fts. + er -	SWEDEN (continued) Mayenher 27 Kraner. + er -	CANADA		
	Austrian Airlines 2.500 +28 Creditanstalt P1 456 -9 EA General	Bancaire Cie 463 -0.50 Beghin-Say 575 -4 Beghin-Say Cert Inv 470 +2	Commerchank 246 -1.50 Continents AG 214 -6.30	A B N Asset Holding 42.60	Garatiro B Free 243 +3 Incentive B Free 146 -1 Note lies B Free 212 +5 Note I Free 12	Sales Stock High Low Gross Ching Sales Stock High Low Close Ching Sales Stock High Lo		igh Low Close Chap
		Bosygues		Ahold	Nobel Free	TORONTO 18700 Coret Sys 619 1812 1812 -12 18100 Lewson Mar 3915 9 30100 Concender 58 81 81 81 6500 Lebiaw \$181 816 2000 CrownX A 100 87 88 -2	18% -% 1400 Stant Co A \$12 68200 Scoptra Rs 2 2000 Scott Paper 57	\$ 1213 1213 -14 00 0172 180 -70 14 221 221
33, 33	Perimouser Zament 1,420 Rader Herskilth 518 +7 Reininghaus Brue . 1,690 Steyr Daimler 273 +3 Veltscher Magnesit 375 -4 Verbund (8r) A 501 -1	Canel+	Deutsche Bank 663.50 -7 Didler-Werke 169.50 +0.50 Douglas Hidg 692 -10.50 Dragerwerk 312	Barsani W Di DpRts 60.20 +1 Barkersani Ct OpRts 39.20 -0.50 CSM Dep Rees 84.70	Skan Enskilda C 58 SKF B Free 96.50 -2 Stora Kopp B 257 -6	Quotations to cents unless marked \$ 9000 Denison A 28 28 41 sens Marked \$ 6	18% -% 1400 StummOn A \$12 68200 Sceptra Rs 2000 Scotta Hos 3177 21800 Seepa Car \$127 1500 Seepa Car \$127 1	14 17 14 17 14 -24 126 14 126 14 126 14 126 14 126 14 126 14 126 14 124 124 124 124 124 124 124 124 124
	Veitscher Magnesit 375 -4 Verbund (8r) A 501 -1 Wienerberger 4,950 +30 Z-Laenderbenk 955 -10	Basicaire Cie	Dragerwerk	DAF	Stora Kopp B 257 -6 SCA B Free 105 Svita Handi B Free 99 -1 Trelleborg B Free 108 +2 Volvo B Free	14600 Albria En \$134 134 134 -19 3500 Double be x \$77 74 74 -19 1300 Morit T&T \$214 1000 Albridges \$144 144 144 144 12500 Do Post A \$404 364 40 1000 Morit Res \$82 6	21 21 -4 13:50 SHL Syst 30	73
	BELGIUM/LUXEMBOURG	Coparex	Degussa	DSM		15300 MDS 100 B 51774 17 3000 MDS 100 B 51774 17	1 17 to 44 2500 Schora Gid 2500 Southam # \$15	36 36 36 34 16 16 34 157 16
	Mayesher 27 Frs. + er - ACEC-Usion Min . 2.140 +5 AG Group 1.650 -10 Arbed	Cred Lyon (Cl) 509 = 3	Henkel Pri	Holind Beton 190 Hoogores Dep Ress 47 -0.30 Huster Douglas 63.50	SWITZERLAND!	700 Empire \$11% 11% 5500 Molann A \$30% 3101700 Euro Nev \$15% 14% 15% +% 51500 Moon Corp \$33% 022	30 30 1 ₀ -1 ₀ 31 8400 Teck 5 \$19 7 7 -1 300 Telegioba \$10	1914 1914 -14 1012 1012
	1881 2 XM) (40)	Barnart		ittC Caffand 57.50 is. Nefed Res 46.90 +0.10 intl Muetler 61.40 17.50 intl Muetler 61.40 intl Muetler 61.	November 27 Frs. + or – Adia loti (Br) 449 +1 Adia Ptg Cts 74 -1	486100 Bix Macritr'i ts5397a 3974 3974 477a 3100 Finning 5135a 135a 135a -1a 3100 Finning 5135a 135a 135a 135a 135a 135a 135a 135	105700 for Dom St. \$18- 700 Torster 8 \$22	18 18 +4
	Bank Intl a Lm 11,000 Bang Seo Lex Pts 12,350 +50 Barco	Elf-Aguitaine 398 +1	IND Restants last for 9 A	KLM 37.90 -0.10 KNP 44.20 +0.10 Kota Pakteeri Daks 44.90 Kestalen 9.10 -0.10 Nedilogd 54.10 +0.60	Adia inti (8r) 449 +1 Adia Ptg Cts 74 -1 Adia Ptg Cts 74 -25 Alusulsse Ptg Cts 73 Baioise Ptg 1,700 -40 Brown Boveri (8r) 3,250 -70 Brown Boveri Ptg 569 -21	466100 Bit Montr' 1539 3 39 4 39 4 47 2 207800 Bit Mont 60 \$20 4 18 5 20 4 45 20 Fat Mans A \$10 4 10 4 10 4 20 5 20 80 Bit September 1 15 15 15 15 15 15 15 15 15 15 15 15 1	8 8 -4 63300 Transcas P 517 4900 Transcas P 517	13 134 134 +4 13 174 173 +4 13 84 84 13 114 114 -4
	Cockerill Priv 153 -2	Euratrance 1.333 +7 Eurocom 589 +19	KAD	Nijverd-Ten Cate 89.10 -0.20	CS Hidgs (Br) 1,760 -20 Ciba Geigy (Br) 3,090 -50	85400 Bossh'tlerB \$254 24% 254 44 4400 Galactic 88 35 35 3700 NorchMVig \$254 25 10300 Bow Valley \$14% 14½ 14½ 300 Gendle A \$24 24½ 105500 Nnh Tele \$48% 49% 3200 BP Canada \$134 13% -½ 143600 Glamis Gld 455 440 450 410 6800 Northgala 115 10	100 UAP A # \$16	داها داها
	Colnert	Exor 1,070	Latimeyer	Dice V Grint	Ciba Gelgy (Reg) 2,940 -20 Ciba Gelgy (Pt Cts) 2,830 -30 Elektrowatt 2,570 -10 Elvia 1,800 -20 Fischer (Geo) 795 -15	18300 Bresneige 500 485 490 ~10 326000 Grangee 133 130 132 +4 101500 Nove Corp 573 71 21100 Brescen A 5185 185 185 +14 2100 GW Liteco 5144 14 145 35600 Hoses Wit 5105 101 26100 Breskwater 27 25 25 -3 20800 Gull Can R 565 65 65 75 178000 Number CI 500 50 11000 BC Tel \$215 207 215 +16 800 GW Uses 5185 185 -14	101 -12 300 United St	
	GBL 3,145 -20 GBL AFV 1 3,100	Fonc Lyonnaise 643 -17 From C et Auv 2,250 +20 GTM-Entrepose 351.10 -12.90 Gal. Lafayette 1,453 -22 Gaumont (Soc N) 632 +17		Rolinco	Fischer Ptg 144 -13 Forbo 2,000 -20 Holderth (Br) 4,370 -40	1800 Bruncor \$184, 1812 18121g 300 Brunswick \$712 712 200 Herris&t A \$64, 64, 64, 64, 61200 Ocetol A \$714, 71	1800 Wester Geo \$37	14 3712 3714 14 3712 3714 15 1115 1115 +16 respricted voting rights
Prog. 1		Geophysique 635 Harbette 170,40 -1	Матемали 249,50 —4.80	Rioyal Dutich	Jelmoli Pra Cis 280	8100 Hees Inii x \$151 ₂ 151 ₂ 151 ₂ 42900 Onex Corp \$111 ₃ 111 ₄ 11	218 +l ₂	
	Generale Banque 5,580 -140 Gen Banque AFV1 5,600 -100 Genaert	(mmob Phenix 159 –1	Mercedes Hid	Westanes Dep Ress 61.20 →0.40 Westers & Dep Ress 61.30 —0.40	Landis & Gyr 1,100 Lands & 6 Prior Pag 88 —1 Leu Hold (Br) 1,810 —40 Leu Hold Pag 315 Man Globes Pag 760	25400 CAE ind \$8% 8% 8% 6% -% 12600 Horsham \$10% 10% 10% 19300 Pegesus \$14% 1551400 Cambior x \$10 9% 10 700 Hudsbay168 400 400 -25 25500 Pioneer M 12 1 700 Hudsbay168 \$33% 33% +% 254400 Pioneer M 12 1	14 14 14 15 2:45 pm prices	
£,	Kredielback 4,110 -80 Kredielbk AFV 4,170 -5 Pan Holding Lux 13,800 450 Petroffita	industrielle	Porsche	Norway November 27 Kracer + er =	Mag Globus Ptg 760 320 320 1,090 8,400 -40 8,210 -30	1 141900 Camposi Cp	2 6 ½ 4 14 ½ 5 18 ½ +½ 31 100 Bornbroker B \$25 ¾	
الله على الله الله الله الله الله الله الله ال		L'Oreal 693 -4	Rheinmetall Prf 217 -3 Rhein West El 401 50 -5 Rhein West D Prf 333.50 -4 Rosenthal 250 -0.50	Aker A Free	Nestle (Reg)	200 Can Time (24% 24 24 900 historialise 99 90% 90% -1.)	1 1114 17800 Cambler x 51 94800 Cambler x 51 200 Casheron x 5145 14400 Cascades 557	1 314 324 5 145 145 7 54 54 -4
	Solvay 11,450 -100	Lyon Earx Ounez 497.90 -8.10 Matra 159 -1.30 Merin-Gerin 485 -7	Schering	Elizem Free	Pargess His	1900 Can Uti A \$20\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	2 5 ¹ 2 - ¹ 4 2300 DominTxt A \$67 2 5 ¹ 2 - ¹ 4 12000 MecleenHint \$10 ²	
: : -	Tessenderio 6.060 -30 Tessenderio AFV 5,400 -280 Tractebel 7,380 -40 Tractebel AFV 1 7,160 UCB 18,375 -25	Moulinex	Sud Chemie	Norsk Data A 7.25 Norsk Data A 7.25 Norsk Hydro 138 -5 Norske Skog A Free 75	Sendoz Reg 2,390 -10 Schindler (Br) 3,200 -30 Schindler (Pt Cts) 570 -5	2600 Cera Op \$5% 5% 5% 5% -% 174200 Ren'esance \$13% 133 1000 Cescades \$5% 6% 5% 5% 2600 Labett \$25% 26% +% 21600 Repay Ent \$6% 3600 Celement \$39% 36% -1% 563900 Labett \$25% 26% 9% +% 30000 Ric Algor \$16% 15% 15%	2 1332 +1s 180000 Nat8k Gan \$113 5 51s -1s 300 Provigo x \$103 8 1532 -3s 1400 Quature A 1 \$203	19 11 11 11 11 11 11 11 11 11 11 11 11 1
	UCB	Paribas	Veba 353.80 -3.20 VEW 207 -0.50 Verein-West 348 Viag 367 -7 Volkswagen 310.40 -7.30	Orkia Free 152 +1	Sika Reg A	18000 Cohri Cep 110 d86 95 -25 3000 Laterge \$13\frac{1}{4} 13\frac{1}{4} 12\frac{1}{4} 22\frac{1}{4}00 Regarding \$12\frac{1}{2} 12\frac{1}{2}	4 74 191000 Telegiobe \$10 \\ 27 +\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	¹ 2 10 ¹ 2 10 ¹ 2 ¹ 2 15 ¹ 5 18 ¹ 5
	DENMARK	Print	Volkswagen Prf 271 -7 Wella Prf 600 -5 Zanders Felopap 263 +3	Storii B	Swits Reinstrance 2,550rd	INDICES		
	November 27 Kr + er - Baltica Helding Reg 739 +3 Bikuben	Printemps (Au) 848 Promodes 2,650 -27 Radiotechn 502 -9 Redoute 4,560 -90 Rhone Poulenc Cts 469 -1		SPAIN	Winterbur Den 643 -1	NEW YORK DOW JONES Nov Nov Nov Nov 1981 Since compilation 27	Nov Nov Nov 1	1991 LOW
	D/S 1912 A 96,900 +200 Danisco 1,020 Den Danske Bank 296 +1	Roussel-Uclaf 1,830 -30 SILIC 586 +7 Sagem 1,625 +5 Saint Gobain 428.10 -0.70	TALY	Mavember 27 Pts. + sr - Alba (Corp Fis) 4,600st +80 Aragonesas	Winterthur Ptg 643 —1 Zurich ins Ptg 4,120 —20 Zurich ins Ptg 1,855 +5	26 25 22 21 HBGH LOW HBGH LOW AUSTRALIA Industrials 2916,14 2902.05 2902.73 2932.69 3077.15 2470.30 3077.15 41.22 Ali Ordinaries O./Listo 1616 18/109 19/10 18/109910 12/7/320 Ali White O./Listo 646		
	East Asiatic	Saint Louis 1,230 –20 Sanofi 958 –2 Schneider 625 –9	Nevember 27 Lire + er - Banca Comm 3,856 +54 Banca Naz Agric 5,865 -15 Banco Lariano 4,625 +65	Asiand	SOUTH AFRICA	Remore Boards 97.29 97.27 97.42 97.47 97.92 91.30 97.92 54.99 AUSTRIA (12/11) (16/1) (12/11/91) (1/10/81) Credit Airline (30/12/84) 414. Transport 1186.47 1185.72 1194.69 1214.69 1287.56 894.30 1532.01 12.32 RET. CAUSA	22 414 77 414 60 417 81 534 81 CIL	(4) 385.58 (4/11)
- 2	Jyshe Bank Ring 350 Lauritzen (1) B 1,680 -20	Sinco	BastogH R 8 S, 147 +5 Benetton	Banco Santander 4,215 +45 Banesto 3,100 -60	Howarder Z7 Rand + or - ABSA		69 1080 70 1870 05 1895 98 1212 15 07/ 45 353 55 355 00 359 30 380 04 02/5	
:	NKT A/S	Soc Generale de Fr 452 +2 Sommer-Allibert 1,195 +10 Spie Batignoiles 372,10 -3.90 Suez (Fin de) 294,50 +1	CIR	CEPSA	AECI	STANDARD AND POOR'S HEX General 128/12/99 825 Composite: 377,96 375.34 376,14 380,06 397.41 311.49 397.41 4.40 FRANCE	2 825 9 829 8 836.6 1186.9 884 59 477 68 475.53 480.56 503.51 03/2	
	Top Danmark 860 +5 Unidanmark A 209 +8	Talttinger	Credito Italiano 2,051 —10 Danieli & C 6,401xi +121 EolChem 1 445 +15	Electra Viesgo 2,600 Endesa (Br) 2,860 +5 Ereros 415 -1 Fecsa 706 +2	Applovaal 8.50 Barlow Rand 53	Industrials 445.76 442.65 443.82 448.14 472.01 364.90 472.01 3.62 OK 49 USU(12/87) USU(12/87) (29/8) (9/1) (29/8/9)) (21/6/35) GERMANY		570 40 (15/1)
	FINE AND Hovember 27 Mka + ar - Amer 60.50	UFB Locate II 279 +1 Unibe II 602 -8 Unios Immob Fr 475_30 -9.70	Fernizzi Fin 1,832 +12 Flat Priv 3,290 +70 Flat 4,830 +119	Grupo Duro Felg 1,080 +10 Hidroel Captatr, 1,805 +15	CNA Gallo	(13/11) (9/12) (9/12)(99) (1/12)(74) Connection (1/12)(53) 1844. RYSE Compastre 208.77 207.57 208.16 210.21 219.37 170.97 219.37 4.46 (13/11) (9/12) (13/11/91) (25/4/42) HONG KONG.	16 1602.87 1589 16 1600.26 173.5.80 (11)	TRI 12(17)55 (17/1)
	Amer	Valeo	Fids	Portland Vaid , 12,000	First Nat. Bank 51.50m +0.25 Free State Cons Gold 270.50	(02/11) (04/1) (00/1089) (9/12/72) INELAND	00 4202.10 4220.74 4243.07 4271.34 057 00 1379.16 1380.67 1389.71 1520.65 054	
	Kone B Free 370 -10 Kymmene 69.10 +0.10 Mecra B Free 52.50	CERMANY Nevember 27 Dos. + er -	Gilardial	SNIACE	Gencor	Nov 22 Nov 15 Nov 8 year ago (approx.) Base Con. kal. (1972) 517.	28 23112.09 22868.69 23117.39 27146.91 (18	B/S 21456.76 (1990)
er e langer	Alckia Pref Free 51.30 -1.70 Pohjola B Free 75 +1.10 Repola (Free) 41.50 -0.50 Stockmann B 119	AEG	italgas	Tabacalera A 5,620 +50 Telefonica 1,175 +10 Tudor 895 +4 Union Febosa 580 -4	ISCOR	Nov 20 Nov 13 Nov 6 year ago (approx.) 2nd Section (4/1/68) 2558.1 S & P industrial div. yield 2.80 2.67 2.72 3.39 MALAYSIA		(5) 2473.52 (247))
•:•	Tampella Free 11.50 -0.50 Usitlas Bt C Free 13.40 -0.30	Allianz AG	Mentedison	Union y el Festx 4,400 Uralita 922 +11 Urbis Ser 2 888 -12 Vallehermoso 2,360 -25	Liberty Life SA 38.50 -0.25 Malhold	S & P last, P/E ratio 22.79 22.04 21.19 15.47 NEW YORK ACTIVE STOCKS TRADING ACTIVITY KLSE Companie (4/4/86) 536.1 NETHERLANDS CBS 76 July 1983 1983 1983 1983	1 274.9 274.7 277.1 284.8 (3/6)	221.4 (16/1)
	FRANCE November 27 Frs. + er -	BASF 230.40 -1.50 Badenwerk 261.50 +3.50 Bayer 276.30 -1.90	Rinascente (La) 6.660 -100	SWEDEN	Palabora Mng 78 Rembrandt Grp 27 Rembrandt Cotri 19.50 +0.40 Rust Plat 69 -1.25 Safourite & Remie _ 82	Stocks Closing Change † Volume Millions NORWAY Tuesday traded price on day · Nov 26 Nov 25 Nov 22 Cds SE (lad 02/1/83) 636.0	P9 640.75 646.76 660.81 749.53 (264	
	Accor	Bayer Hypo 380 -3 BMW (Br) 472.50 -4.50 Bayer Vereinsbk 410.50 -6 Belerstorf 825 +5 Berliner Bank 237 -2	SASIB 7,500 -60 SIP 1,358 +4 Saffa A 6,950 +5 Salpem 1,590 +10 Sirti Spa 10,330 +110 SMI 850 -35	AGA 8 Free	Sage Hids 8 Smith (CG) Ltd 107 SA Bowers 54.75 -0.25	Bristol Nyers 4,417,300 75% - 2% New York SE 216.052 173.520 188,110 PHILIPPORES Ford Motor 2,843,700 24 - 4 Amer 12.921 12.010 13.343 Maria Comp (2/1/85) 1094.9 RJR Nabisco 2,786,100 9% + % NASDAQ 172,793 142.322 167.080 SENGAPORE Am T & T 2,546,500 36% - % NASDAQ 172,793 142.322 167.080 SES All-Support (2/4/75) 394.9	9 1090.07 1165 03 1105.31 1183 40 C99 50 393.46 391.60 395.28 402.43 (26)	
	Arrell Emreps 1,025 -16 Arz	Berliner Kraft 125.70 -1.30 BHF Bank 390 -3 Bitfing Berg 911	Snla BPD	Astra B Free 515 Atlas Copco B 230 +1 Electrolox B Free 225	SA Brevers	Bristol Niyers	04 1255.0 1274.0 1229.0 1469.0 (5/7 04 4220.0 4209.0 4203.0 4364.0 (13/1	7) 2529.0 (161) 11) 2529.0 (161)
1.0	BSN 955 -5 BNP Cert lav 335 -4.90 JAPAN	Colonia Kozza 970 -15 Colonia Kozzan Pf 605			Western Deep 126.50 -0.50 AUSTRALIA (cantinued)	Telefonos 2,111,100 43 + 1 Paris 780 1,045 1160 SOUTH KOREA 1884 1,945,500 972 + 23, West Highs 26 18 30 SPADE Rev Louis 71 77 75 Madrid SE G0/12/85) 244.2	8 649.32 656.38 660.64 763.10 648 4 244.19 242.74 245.78 289.22 (187)	
	Newspher 27 Yes + or - Alinomoto	November 27 Yen + er -	November 27 Yes + er - Nilgata Eng 750 Nilgata Eng 900 -20 Nilgata Corp 908 -22	Nevember 27 Yes + or -	Newcrest 27	SWEDEN Affirstrites Ses. (1/2/37) 9(2.3 GANADA GANADA Suits Bank Ind. (31/12/58) 729.		
	All Niegoe Airways 1,330 Alps Electric 1,260 -20 Amada Co 927 +7 Amano Corp 2,150	Japan Syn Rubber 631 —14 Japan Wooi 1,740xl +10 Julo Paper 605 +8 Jusco 1,790 +40	Nikon Corp	Takeda Chem 1,430 Tanabe Selyaku 1,240 +20 Teliin 506 -14 Telkoku 011 866	Pasminco 1.26 -0.01	TORONTO Nov Nov Nov Nov 1891 SEC General CLANSON STATEMENT	7 732.7 725.0 733.0 769.3 0.4/13 3 597.9 592.0 598.4 638.0 01/5 0 4529.62 4534.62 4543.84 6385.22 (9/5	9 487.1 0.4(1)
3	Amania Co	Kagome	Nippon Fire 808	Tel(In	Ploneer Intl 3.14 -0.04 Placer Pacific 2.72 -0.08 QCT Resources 1.14 Replace Gold 5.02 -0.02	Metats & Winerals 2892.05 2901.46 2915.10 2950.69 3299.99 (18/7) 2632.06 (9/1) THAILAND Chorpaske 3448.32 3443.47 3451.90 3499.10 3604.09 (12/11) 3161.95 (15/1) Baughot SET (30/4/75) 668.6 MONTREAU Profession 1812.74 1811.96 1809.64 1835.42 1907.35 (12/11) 1686.89 (9/1) WORLD	0 664.57 668.96 657.07 908.23 (19)4	
	Asahi Ortical 535 —3	Kaneka 641 -14	Nippon Kayaku 880ml +2 Nippon Lipit Metal 838 -4 Misson Mart Park 1, 780 -10	Total	Rothmans Aust 13.80 +0.04 SA Brewing 3.53 +0.03 Santos 3.12 +0.01	Base values of all indices are 100 except MYSE All Common - 50; Standard and Poor's - 10; and Saturday November 21: Talena Wel	 509.2 508.2 508.3 529.2 0.7/40 pited Price: 4505.80; Korea Comp Ex. 660.57 Calge: BEL20, REX General, ISEQ Overall and DAX ~ 2 area All Ordinary and Missing ~ 500; 62 Closes. On 	
	Asics Corp 525 Atsogl Nylos 843al +13 Banyu Pharm 1,380 Bridgestone 1,090 -20 Brother Ind 520al -20	Kassai El Power 2,870 +20 Kassai Paint 635 -19 Kao Corp 1,230 +10 Kawasaki Heny lad 530 -4 Kawasaki Kisen 532 +3 Kawasaki Steel 366 -8	Nippon Mining 550 +5 Nippon Oil 920 -8 Nippon Paint 869 +19 Nippon Road 1,560 +30 Nippon Sanso 630 +19 Nippon Sharyo 1,330 -70 Nippon Sheri Glass 606 +6	Tokico	Santos	Unavaliable. JSE 26 Industrials - 264.3 and Austr	He All Ordinary and Missing - 500; (c) Closed. (c)	O Canadiable.
WORD	CSK 4.460 -130		Nippon Sharyo 1,330 -70 Nippon Shel Glass 606 +6 Nippon Shingan 1,110 -10 Nippon Shinyaka 1,300 +10	Tokio Marine 1,260 -20 Tokryama Soda 550 +24 Tokro (Bank) 1,530 Tokro B'casting 1,750 -10 Tokro Dome 2,650 -110 Tokro El Per 3,420 Tokro Electron 2,260 +20 Tokro Gas 571 -1 Tokro Rope 921	Tyco kers			
:	Calpb Food 1,110 +10 Calsonic 515 +15 Canon 1,340 -20 Canon Sales 2,900 +10	Kikkoman	Nippon Soda 848 +4 Nippon Stainless 888	Tokyo Electron 2,260 +20 Tokyo Gas 571 -1 Tokyo Roge 921 Tokyo Steel 2,360 +10	Westfield Hdg 4.25 -0.05 Westfield Trust 2.16 -0.02 Westpac 4.47 -0.09 Woodside Pet 4.19 +0.02			
	Caslo Computer 1 310 -20 Central Finance 520 +18 Central Glass 631 +20 Chiba Bank 1 140 +20	Kirin Brewer 1,310 +10 Kobe Steel	MTman TV Network 20,400 MTT 770,000 -1,000 Niemon Yekin 702 -7	Tokyo Style	HONG KONG	TOKYO - Most Active Stocks Wednesday, 27 November 1991		
	Central Glass	Komatsu 775 –20 Konica 843 Koyo Selka Co 846	Nippon Yuses	Tones Corp	Amoy Props 5.35rd Bank East Asia 22.30 +0.10 Corbay Pacific 10.20	Stocks Closing Change Stocks Cl Traded Prices on day Traded F Sanyo-Kokuseku 9.6 643 +3 Tokyo Rakutench 3.4 Metji Milk	coling Change Prices on day 923 -2 900 -100	
	Chigoku El Poner 2,670 +80 Citizen Watch 805 -5 Daicel Chemical 630 +3 Daido Steel 528 +6	Kumaga -Gumi 730 -10 Kumaga -Gumi 760 +20 Kumalo Ind 860 -30	Nippos Zeon	Toshika Bag&Coastr 1,530 Toshika Machinery B269 Toshika	Amoy Props 5.35ml Bank East Asla 22.30 +0.10 Cathay Pacific 10.20 Chess Kong 19.20 -0.10 China Light 22.40ml -0.20 China Motor 29.20ml -0.10 Cross Harbour 14.30 -0.10 Dairy Farm lett 9.10 -0.05 Evergo 3.47	Ceaks Gos \$.0 505 +7 Miserian Steel 2.7 Tokyo Gas 8.9 671 -T Hitachi 2.7 Cicamoto 4.1 1,140 +10 Japan Steel 2.5	465 -10 880 -16 568 -25	
	Dalei inc	Kureha Chemical 642 +1 Kurita Water 2,700 +60 Kyocera 4,320 -20	Nissin Electric 1,470 +10 Nissin Food 2,550 -50	Toto	Dairy Farm Intl 9.10 -0.05 Evergo 3.47 Groco 2.45 -0.07 HSRC 34.75 -0.25			
	Daikin inds	Kyotaru 1,650 Kyona Hakko 1,320 Kyona Saltaru 8t 1,180 -20	Nitsuko	Toyo Jozo	Hang Lung Dev 8.05ml Hang Seng Bank 36 +0.50 Harbour Centre 8.05 -0.05 Henderson Inv 2.50ml -0.02 Henderson Land 13.40ml -0.10			-
	Dai Nippon Toryo 525 Daishowa Paper 2.500 +40	Lion Carp		Tolors Land	HK & Chica Gas 11.20 HK & Shashki Hotel 4.70 +0.03 HK Aircraft 17.10 +0.10			
	Dai Tokyo F&M 924 +1 Daiwa Bank 1,230 -10 Daiwa House 1,940 Daiwa Sec 1,240	Maeda Corp 1,550 -10 Makino Milling 895 +15 Makita Corp 1,650 +10 Marubeni 550		USE Inds	HK Electric 13.10 -0.20 HK Land 9.10 -0.10 HK Resty & Tr A 6.70 -0.05 HK Telecom 7.85			
	Denny's Japan 3.550 Down Fire & Mar 781 +1 Down Mining Co 580 -15 Ebuca Com 1.440	Maeda Corp	Omron Corp 1,630 -20	Wacozi 982 -1	Hopewell Hidgs 3.05 -0.05 Hutchison Wpa 14.10 -0.20 Hysan Dev 8.15 -0.15 Jardine Int. Mtr 5.20			
	Ebara Corp	M*shita El Wk 1,300 +20 M*shita Koto 1,510 -40 M*shita Refrig 881 -29 Masta Motor Coro 510 -5	Orlent Corp 1.010 +35 Orlx Corp 2.970 Osaka Gas	Yamaha Corp	Jardine Math			
	Fudo Construction 711 -12 Fuji Bank 2,620 -30 Fuji Electric 762 -18 Fuji Film 2,800 -70	Melri Milk 1,180 –20 Melii Selka 1,100 –30 Mercian Corp 1,090 –40 Mercian Corp 2,410 +10	Penta Ocean 669 Pigneer Elec 3.320 Prima Meat Pack 660 +6	Yamato Transport 1,140 Yamazaid Baking . 1,940 Yasada Fira 910 +1	New World Dev 11.10 -0.10 Realty Dev A 13 SHK Props 22.30 -0.20 Shaw Ress 3.87	Swiss hospitality		
	Fanut	Minebea	Renours	Yokokama (Basic) . 1,250 +10 Yokokama Rubber 705 -20 Yoshikami Rubber 1,340	Shaw Bros	Swiss service		
	Fojisawa Pharm 1,540 Fojita Tourism 1,870 Fojitsu 810 -8 Formkawa Elect 598 -7	M'bishi Bk	Sanden	Yazasa Battery Co 1,000 -30 Zezei Corp 726 -2	Swire Pacific B 3.92 Tele Broadcast 6.10 Wharf Holdings 10.70 -0.20 Wing On Co 7.40 -0.05 Winsor Ind 8.90 -0.15 World Intl 5.40 -0.10	Swiss cuisine		
-	Gakken 1,040 –20 Gen Sekiyu 1,140 +20 Godo Shusel 1,870 +170 Green Cross 1,160 +10 Gun-El Chemical 720 –16 Gunze 792 +6	M'bishi Heavy lad 680 -3 M'bishi Kasel 518 -4 W'bishi Materials 550	Sarra Shutter 1,320 -10 Sarryo Electric 5224 +11 Sarryo Koksaka 643 +3	AUSTRALIA November 27 Aust5 + or -	Winser Ind 8.90 -0.15 World Intl 5.40 -0.10	Swiss timing		
_	Gun-Ei Chemical 720 -16 Gunze	M'bishi Paper 601 -28 M'bishi Petchem 786 M'bishi Plastics 555 -1	Sankyo	APO 7 84	MALAYSIA November 27 MYR + or -	and The Financial Times		
<u>-</u>	Harshin El Riwy 560 Haseko 830 Hattori Selko 1,900 +10 Hazami-Gumi 795 -5	M'bishi Steel 1,030 -30 M'bishi TraiBk 1,770 M'bishi Warriouse 1,510	Selyu	AFP 1.34 AWA 1.01 -0.03 Aberfoyle 4.03 Amoor 6.26 40.02 Ampolex 3.16 -0.03 Arnotis 6.50 +0.10 Ashton 1.35 -0.03 ANZ Bank 4.52 Aust Gas Light 3.23x -0.02 Aust Nat Inds 1.99 -0.01 BHP 13.88 -0.02 BTR Nylex 2.80 -0.02 Boral 3.27 +0.01 Bong ville Copper 0.69 Brambles Inds 18 +0.08 Bridge Oil 0.55 Brierley invs 0.77 -0.01 Burns Philp 3.42 -0.01 CSR 4.60xf	Boustead	when you travel First or Business Cl	ass with	
	Helwa Real Est 950 +10 Hino Motors 915 Hirose Electric 3 540 Hiroshima (Bank) . 939 -1	Mitsul Co	Seven-Eleven 8,350 +50 Sharp 1,300 Shitola Eleci Pwr 2,870 +40	Arst Gas Light 3.23ar -0.02 Aust Nat Inds 1.99 -0.01 BHP 13.88 -0.02 BTR Nylex 2.80 -0.02 Boral 3.27 +0.01	Boustead	Swissair		
	Hitachi	Mitsul Ning & Sm 425 +17 Mitsul Osk Line 571 -9 Mitsul Petchem 681 -19	Shimizir Corp	Borai	SINGAPORE	Ask your cabin attendant		
	Hitachi Mareli 1,650 Hitachi Metals 1,030 +41 Hitachi Sales 670 -5	Mitsel Taino Kobe 1,810 -30 Mitsel Taino Kobe 1,810 -30 Mitsel Toetsu 435 -10 Mitsel Tr&Bk 1,450 -10	Shokusan Jutaku 716 -4 Shokusan Jutaku 716 -4 Showa Alaminium 760ml +10 Showa Denko 401 -9		Movember 27 S\$ + ar -	for a complimentary copy		
, 1	Gunze	Mitsakoshi	Showa Elec Wire 690 -19 Showa Sangyo 593 -3 Showa Shell Sek 1,860 Skylark 2,500 420	CSR	DBS 11.60 Fraser & Meave 8.85 +0.05 Genting 6.85 +0.15 Haw Par 2.43 +0.03 Inchape 4.36 +0.08 Keepel Corp 7.85 +0.10 OCBC 10.70 +0.10 OUB 4.70 +0.04			
	Honon motor 1,450 -10 Honshu Paper 781 -34 House Food Ind 2,250 -20 Hoya Corp 2,230	Mochida Pharm 2,260 +30 Mochida Pharm 2,260 +30 Mochida Pharm 671 -24 Mochida Pharm 2,200 Mucata Mamufact . 2,010 -20	Some Brand Milk 866 -14 Sony	Compleo	Haw Par		ATTIMES	
			Sumitomo Bank 2,370 Sumitomo Cement 590 -3 Sumitomo Chemical _ 457 +2	CRA 12.28 +0.20 Caitex Aust 2.69 -0.02 Coal Affled led 10.02 +0.02 Coca Caia Amatli 8.10 +0.10 Coles Myer 3.51 -0.01 Compleo 3.51 -0.01 Compleo 147 +0.01 Dominion Mag 0.66 +0.02 Email 3.70m -0.10 Energy Res 1.21 FAI instruments 0.67 Fletcher Chilage 2.49 +0.02 Fosters Brewing 1.78 Gee Prop Tst 2.24 +0.01 Goodstan Fielder 1.61 -0.02	0UB	SWISSON FINANCIA EUROPE S BUSIN	ESS NEWSPAPER	
	1,160 -20 1,160 -20	NEC Corp 1,120 NGK (ogulators, 1,080 -10 NGK Spark Plug 780 NHK Spring 559 -11 NKK Corp 350 +6 NGK Corp 685 NSK NTN Toyo Searing 600	Sumitomo Corp 1,030 Semitomo Elect 1,200 Semitomo Heavy 686 —10 Semitomo Liett M 551 —41	FAI frances 0.67 Fletcher Childreg 2.49 40.02 Fosters Brewing 1.78 Gee Prop Tst 2.24 40.01	UCB 6.15			
	kitchara Sangro 497 +2 Isuzu Motors 390 Itaham Foods 1.050 +10	NSK 586 NTN Toyo Bearing 600 Nachi Fujikoshi 662d 42	Stenitomo Marine 960 425 Senitomo Metal Ind 384 Santomo Metal Mag 1,110 –10	Hardie (J) 3 12 +0.02	Price data supplied by Telekurs. NOTES — Prices on this page are as			
	troman & Co 4.600 to Yokado 4.600 +35 watsu Elec 660 +35	Nichi Fujikoshi	Sunitone Metal Meg 1,110 -10 Sumitonto Realty _ 1,000 +2 Sumitonto Tr&Bk . 1,490 -10 Soutione Warehous 752 -3 Suguki Motor 618 -17	Lend Lease	NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (a) unavailable. # Dealings suspended, and Exchange are Fx scrip issue. XV Ex			
	JEÖL	Nichil	TDK Corp	Milki 2.14 Mayne Nickless 8.18 Metal Maruf 2.10 -0.02 Misproc 0.30 -0.01 Nat Aust Bank 7.80	and are last traded prices. (a) unavailable. # Dealings suspended, and Ex dividend. at Ex scrip issue. Ar Ex rights. As Ex all. t Owing to technical problems, some Swiss prices in yesterday's edition were pre-close.			
2 2 2	JAL 997 Ispan Metals & Chem 6805	Nikon Parkerizing 920	Tatyo Fishery 415 47	Mat Aust Bank 7.80				
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40	FINANCIAL TIMES THURSDAY NOVEMBER 28 1991
3:00 pm prices November 27 NEW YORK STOCK EXCHANGE COMPOSITE	PRICES Children Print,"
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The FT proposes to publish this survey on

December 18 1991. The more predominant role of the EC will have the greatest impact on a company's business over the next few years. This was the view of 51% of top Chief Executives in Europe surveyed in 1990 who read the FT.

If you want to reach this important audience, call Elizabeth Vaughan on 071 873 3472 or fax 071 873 3079

Data source: Chief Executives in Europe 1990.

solicitors and wealthy individuals who read the FT. In addition to appearing in the paper this survey will be sent to the Chief Executives of the UK's Top 500 companies. If you want to reach this important audience. Jessica Perry on 071 873 4611

or fax 071 873 3062

FT SURVEYS

Data source: BMRC 1990

Dow eases as market winds

down before Thanksgiving

Wall Street

A RARE release of good economic news failed to stimulate buying interest yesterday morning, as the stock market wound down for Thanksgiving. writes Patrick Harverson in

By 1 pm the Dow Jones lower at 2,906.75. The more broadly-based Standard & Poor's 500 was also weaker at midsession, down 1.05 at 376.91, while the Nasdaq composite of over-the-counter stocks gave up 0.60 to 521.63. Turnover on the NYSE was 94m shares by

The market opened weaker, ignoring the apparently encouraging news of a big fall in weekly initial jobless claims and a 3 per cent increase in October durable goods orders. The message behind the figures was not as promising as it first looked, however, because closer examination of both sets of data showed that they were distorted by one-off holiday and seasonal factors. The underlying theme was still one

of a depressed economy. A more powerful influence on the market was a fall in IBM shares. Although the stock had risen on Tuesday's

ASIA PACIFIC

LIGHT arbitrage-related selling

depressed shares yesterday, as

futures prices declined on spec-

ulative selling, pushing the

Nikkel average back below the

23,000 level, writes Emiko Tera-

The 225-issue average lost

138.81 to close at the day's low

of 22,973.28. The high for the

session was 23,307.85. The mar-

ket rose in the morning,

encouraged by arbitrage-re-

lated buying against the

December futures contract, but

late afternoon selling pushed

200m shares. Domestic institu-

tions and foreign investors

stayed quiet. Declines led

advances by 487 to 357, with

259 issues unchanged. The

Topix index of all first section

stocks shed 2.80 to 1,750.57, and

index eased 3.85 to 1,299.49.

in London the ISE/Nikkei 50

Traders said market partici-

pants were unwilling to make

significant moves before the

expire of December futures on December 13. Mr Nick Cant at

Baring Securities said investors tended to get nervous

before special quotation (SQ) day, when the settlement price

of the futures are determined.

"There may be a rally after

we pass SQ, but the 25,000

level will be a hard resistance,"

The Tokyo Stock Exchange

announced yesterday that, as

of November 22, a total of 1.1bn

shares worth Y1,190bn were

held against December futures,

down 242m shares or Y321bn from a week earlier. The

decline in long positions

reflected a weakness in the

futures market, but investors were growing nervous over the

Nomura Securities was the

most active arbitrageur during

the week of November 18 to 22.

trading a total of 23m shares,

or 17.7 per cent of total turn-

over. Morgan Stanley and Salo-

remaining cash positions.

mon Brothers followed.

he added.

Volume remained flat at

Tokyo

zono in Takyo.

news of a big restructuring charge and lay-off plans, it suffered yesterday, falling \$3% to \$94%, after two big broking houses, Merrill Lynch and Bear Stearns, cut their ratings and profits forecasts for the computer group, citing concern about worldwide demand and potential inefficiencies stemming from the corporate

The decline in IBM spread to other computer stocks, with Compaq losing \$% to \$24%, Digital Equipment falling \$% to \$63%, and Hewlett-Packard giving up \$% to \$49.
Philip Morris fell \$% to \$69%

on news that the food and tobacco group will have to take because of the adoption of a new accounting method for retirement benefits. It will also take a further \$275m charge in the fourth quarter to cover the cost of reorganising its interna-

tional food operations. Reebok fell \$1 % to \$27% on reports that the UK's Pentland Group plans to sell its remaining 13 per cent stake in the sports shoe manufacturer. Cincinnati Bell rose early on, but fell back \$% to \$20% after the telecommunications company announced that it would trim its workforce by 10 per cent as

a cost-cutting measure.

Arbitrage selling pushes

Nikkei back below 23,000

In spite of the strengthening

of the dollar against the yen.

high technology issues contin-

ued to lose ground. Hitachi fell

Y16 to Y880, renewing its low

for the year on selling by

domestic institutions and for-

eigners. Sony also reached a

year's low, down Y50 at Y4,350.

Aids-related stories, Sanyo-

Kokusaku Pulp, the day's most

active issue, firmed Y3 to Y643

on rumours that the company

would start a joint research

project with a pharmaceutical

group. Meiji Milk Products was

also traded actively but

in Osaka, the OSE average

moved up 97.91 to 24,891.83 on

volume of 33.8m shares. Toyo

Sanso, a speculative issue, ral-

lied Y200 to Y1,420 after falling

by its daily limit on Tuesday

on rumours that a leading

speculator had been arrested.

Bargain hunters sought the

issue as no fresh reports on the

MODEST GAINS or losses were

the order of the day in the

region, where the delicate equi-

librium in senior international

HONG KONG eased further on fears that the US will

impose tough trade sanctions against China and on news that the US House of Representatives had voted to attach

human rights and trade condi-

tions to the renewal of Bei-

jing's Most Favoured Nation

The Hang Seng index fin-

ished 22.80 lower at 4,179.30 but

was up from a morning low of

4,166.87. The US vote news

brought selling of manufactur-

ing stocks, particularly toy

companies, many of which relocated their factories to

southern China in the 1980s.

Turnover rose from HK\$1.12bn

TAIWAN fell on profit-taking

in moderate trading, the

weighted index closing 58.62

lower at 4.471.0 as turnover fell

to HKS1.39bn.

trade status next year.

markets kept traders quiet.

declined Y20 to Y1,180.

arrest followed.

Roundup

Dealer activity focused on

Du Pont rose \$\% to \$44\% on the news that the big chemical group expects a one-off gain of about 20 cents a share from the sale of its 50 per cent stake in two coal companies. Advanced Polymer jumped \$1 to \$9% after the French group Rhone-Poulenc said it

would buy a stake under a revised joint venture pact.

TORONTO stocks fell in sluggish midday trade, with many players reluctant to take posi-tions ahead of the US Thanksgiving. The composite index fell 9.2 to 3,439.1. Declines led advances by 241 to 185 on volime of 12m shares valued at

The Bank of Montreal rose C\$% to C\$39%, a 52-week high, after the bank reported higherthan-expected fourth quarter and annual earnings on Tuesday. Analysts said they were likely to raise their 1992 earnings expectations. Small capitalisation and

Among active issues, Royal Oak Mines eased 3 cents to C\$1.52, Lac Minerals rose C\$% to C\$9% and FCA International

SINGAPORE followed Wall

Street, the Straits Times Indus-

trial index ending 7.04 higher

at 1,456.40 as turnover rose

from S\$51.9m to S\$61.7m.

Amcol Holdings, rumoured to

be the target of a Hong Kong

takeover party, saw 2.1m

shares change hands as it rose

recently about further amend-

ments to the draft constitution,

managed a small rise in moder-

ate trade, with the SET index

gaining 4.03 at 668.60 in turn-

rupted by a computer room fire in Sydney, and traders said

this made the market "almost

dead". The All Ordinaries

index finished 1.8 off at 1,618.4

and turnover thinned from

A\$233m to A\$173m. However.

News Corp rose 14 cents to

A\$14.88 after a slightly firmer

NEW ZEALAND was nar-

rowly mixed but a further 4

cents rise to NZ\$2.32 in for-

estry group Carter Holt Harvey left the NZSE-40 index 3.21

ahead at 1,571.56 in turnover

down from NZ\$31m to NZ\$17m.

cents, or 13 per cent, since Fri-

day, when International Paper, of the US, bought a 16 per cent

stake in the group for NZ\$2.15 a share. However, Fletcher

Challenge, the forestry and

resources conglomerate, came out of Carter's shadow yester-day, rising 6 cents to NZ\$3.48

KARACHI hit its fifth record

high in a row. The inflow of

foreign funds helped to push

JOHANNESBURG was pulled

down by the gold sector in

3,528, although the industrial

index rose 3 to 4,223. Vaai

Reefs fell R3.75 to R212.

in volume of 920,000 shares.

the index up 44 to 2,928.

SOUTH AFRICA

Carter Holt has risen 27

closing on Wall Street.

AUSTRALIA was inter-

BANGKOK, concerned

by one cent to \$\$2.32.

over of Bt2.50bn.

was flat at C\$4.50.

penny stocks dominated the

most active list on tax-loss sell-

EUROPE

Day's Low 1067.76

Nov 21

1071.97

imminent bid for Exor. There

was speculation that the bidder

was the Agnelli family of Italy.

which already holds about 21

Among active blue chips,

Alcatel Alsthom dropped FFT13

to FFr564 in volume of 415,690

shares and Elf Aquitaine shed

FFr7.70 to FFr390.50 in 234,300

shares, but Générale des Raux,

which is due to go ex one for 10

today, gained FFT39 to FFT2,249

in 40,670 shares and Total rose

FFr19 or 1.9 per cent FFr1,022.

Pineult, which rose FFr8.50

on Tuesday in response to its

per cent of the voting rights.

CARELESS WORDS were a talking point in some bourses yesterday, writes Our Markets Staff. Bundesbank luminaries did their best to dilute bullishness on German interest rates and the dollar; but Soviet attempts to play down Foreign Minister Eduard Shevardnadze's fears of domestic political instability came too late to help Frankfurt.

FRANKFURT'S DAX index put on L384 to L19,179. PARIS finished near its closed a whisker above its day's low, as Tuesday's burst intraday low at 1,586.16, down 16.71, after a 3.54 decline to of bargain-hunting ran out. 653.11 in the FAZ at midses-The CAC 40 index closed 11.11 down at 1,757.86, after moving sion. Afternoon trading left the leaders another hair's breadth between a low of 1,751.58 and a higher by the London close. high of 1,772.69. Turnover was Volume eased from DM4.5bn similar to Tuesday's FFrl.8bn. to DM4.4bn. Mr Horst-Kaspar Against the trend, Perrier. Greven of Merck Finck in Dusthe mineral water group, jumped FFr39 or 3.2 per cent to FFr1,274 in volume of 35,315 shares after its parent com-

Nov 26

1071.48

Base value 1000 (28/10/90)

seldorf said that investors were not willing to buy in bulk, with German interest rates not expected to fall before the second quarter of 1992. Some profit-taking, and a few investors slowly building up positions for a 1992 recovery, were dictating the daily ups and downs of the market, he said. However, he added, over a period there had been distinct outperformance in banks and among utilities, RWE, which

relatively weak recently. were hopes that a reform of auto liability insurance would lead to higher annual

over estimated at not more than L110bn, of which L17bn was generated via the screens, after Tuesday's L80bn. Reports that the delivery of shares yesterday had gone smoothly raised expectations that the settlement of the November trading account on

Friday would not be disrupted after all. The continued ban on short-selling also contributed to the firmer tone. Among insurers, Generali added L525 to L28.095, Alleanza rose L600 to L11,400 and Ras

ACH TUESDAY a crush of curious onlookers at stock exchange peers across makethe new year. shift barriers at young brokers performing their rituals at their computer screens. The

providing a stockbroking service range from the younger generation to pensioners, who remember the stock exchange which closed in 1939. To match the interest, trad-

Party's headquarters.

Mr Rozlucki has performed the ceremony regularly since the exchange opened in April, when it traded the stocks of five companies privatised the previous autumn. Since then another four have joined them, and Mr Rozlucki is confident stock a month coming on to his floor in the new year. "That is a conservative estimate." he says.

The exchange is modelled on French lines, with an orderdriven system and price movements limited to a 10 per cent rise or fall in any session. "We also have a very modern book entry system which makes

Warsaw's

chatter ceases as Mr Wieslaw

Rozlucki, the exchange's chair-

man, reads out the stock prices

for the day and they are

repeated on a green electronic screen, which flickers across

the room on the fifth floor of

what was once the Communist

Interest is growing, despite a fall in the Warsaw index, writes Christopher Bobinsl dealings very safe," Mr Roz-lucki says. Trading will increase to twice a week from

This is all rather new for most Poles. Clients at one bank

ing volumes have grown steadily, from 39.6m zlotys (\$3,400) at the first session to this week's 11.8bn zlotys. This week, the Wedel confectionery producer, which is 40 per cent-owned by PepsiCo, diately saw its share price rise price to 180,000 zlotys. The result pleased Mr Rozlucki. exchange's poorer performers pull down the WIG price indicator since May. The index fell

average price at the first three

Day's High 1072.81

Noy 25

1060.67

was instituted in mid-October and which prompted some investors to move out of zloty to a low of 66.2 a couple of months ago, before recovering savings: to 95.3 early this month and • and the flotation of the drifting back again to 79.9 this Zywiec brewery, which has seen its share price double. On week. The indicator compares some days Zywiec made up 40 the average share price on any to 50 per cent of the trading given trading day with the

FT-SE Eurotrack 100 - Nov 27

Hourty changes

1072.60 1071.90 1068.59 1069.41 1068.88 1069.09 1069.74 1069.79

Nov 22

1056.84

recent peak, the WIG was at 95.3 and turnover was a record 23.1bn zlotys. 13bn of which was accounted for by trading in Zywiec. This week, however, Zywiec accounted for only 23bn of the total turnover of 11.8bn zlotys.

Another good performer is Exbud, the construction conglomerate, which has seen its share price almost treble. "I have had one investor comto put through a sell order worth some \$300,000," he says, to demonstrate that the sums involved are growing. The healthy performance of

explained by the interest of foreign investors. Mr Rozlucki points out that, at the moment, there are few restrictions on foreigners investing on exchange. Domestic and foreign investors are covered by the same disclosure rules on holdings of more than 10 per cent, and an intention to buy more than 33 per cent of a company has to be notified to the Securities Commission, headed by Mr Leslaw Paga. The commission has the power to block

such a purchase if it threatens

Such a situation had arise, however. The entalisation of the conquoted on the exchangement amounts to \$1 foreign interest is still arrest are stage. exploratory stage.
However, Mr Kriste
from the Danish Sank investment bank says has been buying share ents on the exchan spending \$100,000 a
And Mr Igor Chalup
head of the PRO SA
team of dealers, says h
agreement with a
based stockbroker to Exbud and Zywiec can be

Mr Zorde is, however ried about the future. tinuing recession and tions perilous, he say company which has to loan starts facing p because of the service den," he points out. On the other hand earnings ratios in War low, ranging from 1.4 with most stocks go higher than 3. That space for future growth

to establish a monopol

"national interest".

Soviet coup talk sends tremor through bourse

Nov 20

volume: on November 5, at its

sessions, which equals 100.

The rally in October and in

the first half of this month

a crawling peg devaluation

of Poland's currency, which

Polish shares fascinate locals and foreigne

Poland

pany, Exor, was suspended. Exchange authorities said that they had been informed of an

should reflect any recovery in the German GNP growth rate. It was noticeable that some of the severe falls yesterday came in steels or steel-oriented groups such as Mannesmann Preussag and Thyssen, which, unlike banks, are hitting the low end of their earnings cycle in 1991, and which have been MILAN was again led higher by the insurance sector. There

increases, thus helping the underwriting cycle to recover. The Comit index rose 6.28 or 1.2 per cent to 517.15 in turn-

thin trading. The all-gold index fell 13 to 1,242, pushing the overall index 8 lower to

index fell 0.3 to 89.4: bid for two-thirds of Printemps, international stocks. fell FFr16 or 6 per cent to Dutch Petroleum lost FFr251.50. to Fl 143.00 while Unile OSLO was restrained by a 3.8 Open 10 pm 11 am Noon 1 pm 2 pm 3 pm Close

> which accounts for more than 20 per cent of the market. The all-share index ended 1.62 up at 406.16 in turnover of NKr404m. Hydro fell NKr5.5 to NKr138 after Tuesday's announcement of a cut in output at its magnesium plant in Canada. One analyst pointed out that, of the four sectors in which Hydro is involved, metals and petrochemicals were both in downward trends, fertilisers were stagnant and only oil and gas

> per cent fall in Norsk Hydro.

looked encouraging. STOCKHOLM was hit by the rumours of a coup in the Soviet Union. The Affärsvärlden General index fell 4.0 to 942.3 in wafer-thin volume of SKr191m after SKr321m. AMSTERDAM was also unsettled by the Soviet coup

rumours. The CBS Tendency

80 cents to FI 168.00. ZURICH fell in thin on the Shevardnadze r The Credit Sulsse index to 459.4. MADRID, h recouped its early losse Soviet worries, to finish unchanged. The genera ended 0.05 up at 244.24. In VIENNA, Credi shares fell after th priced its three-for-38 issue at Sch400 a sha ordinary shares fell S Sch575 and the prefer Sch9 to Sch458. The AT slipped 3.41 to 991.32. ISTANBUL succum profit-taking after risin cent in two days. Volu record high of 62m worth TL539bn after Ti 61m worth TL389bn.

share index fell 8

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS			TUESO	AY NOV	EMBER :	26 1991			M	ONDAY N	OVEMB	ER 25 19	91	DOL	LAR IND	EX
Figures in parentheses show number of lines of stock	US Doftar Index	Day's Change	Pound Steriling Index	Yon Index	DM Index	Lotal Currency Index	Local % the on day	Grose Div. Yield	US Dollar Index	Pound Sterling Index	Yea Mdes	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (appro
Australia (69)	152.99	-0.2	126.22	123.93	125.71	128.82	+ 0.1	4.53	153,23	126,24	123.74	126.11	128.67	160.31	112.74	123.
Austria (20)	173.06	- D.5	142.78	140,19	142.20	142.58	−0.5	2,01	173.92	143.29	140,45	143.14	143.23	222,37	153.86	
Belgium (47)	135.68	-0.2	111.94	109,90	111,48	109.08	-0.3	5.43	135.93	111,99	109.76	111.87	109,45	151.20	118.04	137.
Canada (115)	137.26	+0.4	113.25	111.18	112.78	112.86	+0.0	3.30	136.74	112.66	110.41	112.53	112.82	144.28	126.49	
	258.55	+00	213.31	209 44	212.45	218.35	-0.1	1.65	258.52	212,99	208.77	212.78	216.51	270.56	217,74	
Finland (15)	78.54	-0.6	64,80	63.62	64,54	71.17	~0.2	3,42	79.03	65.11	63.82	65.04	71.29	125.15	78.54	
France (109)	144.02	+ 1.5	118.82	118.65	118.33	121.99	+1.2	3.64	141,95	118.95	114.62	119.81	120.52	152.26	119,11	139
Germany (65)		+0.7	95.00	93.28	94.61	94.61	+0.6	2.44	114.30	94,17	92.31	94.07	94,07	125.35	94 15	
long Kong (55)	173 63	~ 0.4	143.25	140.65	142.67	172.78	~0.4	4.30	174.33	143.63	140.78	143.48	173 46	176.14	11962	
reland (18)	162.45	+ 1.1	134,02	131.59	133.48	135.76	+1.1	3.69	160.69	132.39	129.77	132.25	134.26	182.46	132,88	_
taly (77)	72.67	+ 1.2	59.95	58.88	59.71	64.92	+1.1	3.57	71.81	59.18	57.99	59,10	64.21	88.23	64.76	
lapan (474)	135.23	~01	111 57	109.54	111.13	109.54	+0.2	0.7B	135.38	111.54	109.32	111.43	109.32	146.97	118.23	
	206.45	~ Ö.1	170.33	167.23	169.53	217.68	+0.0	2.86	208.58	170.20	166.81	170.01	217.56	247.78	189.18	
	1313 45		1083,64	1063,97	1079.28		-0.7	1,17	1323.34	1090.29	1068.64			1404.63	534,45	
letherland (31)	147.43	+ 0.3	121.63	119.43	121.14	119.84	+ 0.1	4.50	147.06	121.16	118.75	121.03	119.71	148.25	125.70	
	49.10	+0.3	40.51	39.78	40.35	45.94	+0.5	6.05	48,94	40.32	39.52	40.28	45.73	54.64	41.18	
lew Zealand (14)		~ 1.7	144.22	141.60	143.64	148,23	~ 1.6	1.74	177.B2	146.50	143.60	146.35	150.67	223.24		
Yorway (30)	174.80						-0.1	2.20	207.88						173.29	
	207.56	- 0.2	171.25	168.14	170.55	158.30				171,27	187.87	171.08	158.40	213.93	151.63	_
	271.58	-02	224.06	219.99	223.15	179.07	-0.2	2.74	271.99	224.09	219.63	223.84	179.34	271.99	173.00	
pain (53)	148.06	+0.7	122 16	119.94	121.66	113.57	+0.7	4.85	147,02	121.13	118.72	120.99	112.63	171 12	131.51	14
Sweden (25)	171.61	+2.0	141.59	139.02	141.02	147.35	+20	3.03	169.27	138.63	135.88	138.49	144,42	204.12	146.60	_
iwitzerland (59)	97.24	+ 1.7	80.22	78.77	79 91	B4.52	+1.3	2.39	95.57	78.74	77.1B	78.66	83.45	100.67	82.17	8
Inited Kingdom (239)	177.74	+0.5	148.55	143.97	145.04	146.65	+0.6	5.08	176.87	145.72	142.82	145.55	145,72	187.44	156.27	17
JSA (526)	153.71	+0.7	126 82	124.52	126.31	153.71	+ 0.7	3,16	152.63	125.75	123.26	125.62	152.63	161.59	125.95	120
urope (825)	142.20	+ 0.7	117.32	115.19	116.85	117.79	+0.7	4.09	141.15	116.29	113.98	116.17	116.97	151.52	125.50	138
lordic (107)	176.77	+ 0.5	145.84	143,19	145.25	144 53	+0.5	2.24	175.81	144.65	141.98	144,69	143.75	200,81	155 55	17
Pacific Basin (718)	136.50	-0.1	112.62	110.58	112.17	111.67	+0.2	1 11	139.67	112.60	110.37	112.48	111.48	145.92	117.86	12
uro - Pacific (1543)	139.11	+0.2	114.77	112.68	114.30	114.89	+0.4	2.33	138.79	114.35	112.07	114.22	114.45	147.66	121.29	
forth America (641)	152 62	+0.7	125.91	123.64	125.43		+0.7	3.17	151.57	124.88	122,41	124.76	149.95	160.44	125.91	128
urope Ex. UK (586)	120.84	+0.9	99.70	97.91	99.32		+ 0.8	3.36	119.73	98.64	98.70	98.56	100.43	129.80	103 58	
acric Ex Japan (244)	149.05	-0.2	122.97	120.76	122.49	131.47	-0.1	4.13	149.36	123.06	120.63	122.93	131.56	153.19	111.40	
Yorld Ex. US (1736)	141.19	+ 0.2	116.49	114.38	116.02		+0.4	2.36	140.68	116.07	113.77	115.95	116.15	148.16	122.32	
	141.18	+0.4	116.48	114.37	116.02		+0.5	2.38	140.64	115.87	113.58	115.76	125.74	146.16	120.06	
		÷ 0.4	118.39	115.25	117.92	127.81	+0.5	2.64	142.93	117.75	115.43	117.64	127.18	148.66	122.92	
Vorid Ex. So. Al. (2201)	TEN ED	+06	124.23	121.99	123.75		+0.6	3.53	149.63	123.28	120.64	123.16	137.70	155.59	126.69	132
Verid Ex Japan (1788)					-				_						-	
he World Index (2262)	144.35	+0.4	119.10	110.85	118.63	128.27	+0.5	2.64	143.80	118.47	115.12	118.35	127.55	149.37	123.28	130

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